



MAC Annual Report

December 2023



Contents

Foreword	2
Chapter 1: Net migration in the UK	4
Net migration	4
Why should we care about net migration?	10
How could net migration be reduced?.....	18
Conclusion.....	22
Chapter 2: Health and Social Care revisited	23
Use of the immigration system by the health and social care sector.....	23
Workforce planning	29
Exploitation of migrants in the social care sector	34
Potential policy options for care worker visas	35
Conclusion.....	38
Chapter 3: International Students	40
The Growth in International Students	40
Dependants.....	48
Graduate Route	51
Conclusion.....	55
Annex A: Net Migration Scenarios detailed assumptions.....	57

This report was finalised by the Committee on December 4th 2023, and went to internal publishing on December 5th.

Foreword

The [framework document](#) that covers our governance requires us to produce an annual report to inform Parliament and the public of the work we have done and our use of resources. It also suggests that the report contain comment on, and recommendations relating to, any aspect of the immigration system.

Net migration remains close to record high levels, though there are strong reasons to expect a significant decline in the next few years. However, there is little realistic prospect of net migration falling to very low levels without policy changes. We discuss how net migration is measured and why policymakers may wish to reduce the level of net migration. We have no view on the appropriate level of net migration which we consider a matter for government. We would emphasise that a focus on the costs and benefits of particular immigration routes, and the design of such routes, is likely to produce a more considered immigration policy than a focus on a particular number for net migration. We also highlight how difficult it is likely to be in practice to achieve a precise net migration target, suggesting that governments should be wary of promising too much in terms of a target. The government announced a set of policies aimed at reducing net migration on December 4th.

Two of the main drivers of the rise in net migration in the recent past has been the growth in migrant workers in health and social care and in international student numbers. We examine both of these developments in this report. The rise in care worker migrants is a result of the inclusion of care workers on the Shortage Occupation List (SOL) in February 2022 following a recommendation made by us. Care organisations have been clear to us that there are thousands of people up and down the country who are receiving care today that would not have been possible without this visa route. We are however concerned by the increasing reports of exploitation and abuse on the route, and we provide evidence on this and possible policy responses that the government could consider. Some of these options were adopted in the package of measures announced on December 4th. We continue to maintain that the only long-term sustainable solution to the workforce problems in the sector is to pay all care workers in the UK properly which would require a significant increase in public funds, and we remain deeply disappointed that the UK government continue to exhibit no ambition in this area.

Since we produced a report on international students in 2018, there has been a large increase in their number – particularly those studying taught Masters degrees. International students provide a clear economic benefit to the UK, as well as the potential to enrich university communities, and it is hard to envisage a successful higher education sector that does not have a substantial international student component. The government had a clearly stated policy of increasing international student numbers so it can be no surprise that student visa issuance has risen rapidly. The introduction of the graduate visa route and the continued decline in the real value of domestic student fees have also played an important role. The government recently tightened the rules on student dependants, and we comment on the rationale for this policy and possible unintended consequences. We also provide some discussion of the use of the graduate route and highlight the importance of a rigorous evaluation of the route. The government announced on December 4th that the MAC would be commissioned to review the graduate route and we look forward to working with stakeholders on this review.

We published a review of the SOL in October. Our most substantive recommendation was to remove the so-called 'going-rate discount' that allowed firms to pay migrant workers below the going-rate for a job if placed on the SOL. We have always argued that such a discount risked undercutting resident workers and exploiting migrants, and so we can see no good argument for keeping it. We also recommended that only a small number of occupations be included on the SOL and suggested that the government may wish to consider whether the SOL is the appropriate mechanism to allow lower-paid workers to come to the UK. The government confirmed in the December 4th announcement that they would implement the removal of the going-rate discount and have asked the MAC to provide further advice in Spring 2024 on the future operation of the SOL.

We have also launched an enquiry into the Seasonal Worker Visa (SWV) scheme which we believe is timely given that the scheme has been in operation for a number of years. This review, which is currently in progress, is considering the rules under which the scheme operates, the size and costs of the scheme, the potential for exploitation and poor labour market practice, evidence from international comparisons, the scheme's economic rationale and the long-run need for such a scheme. As part of this process, we have conducted an online Call for Evidence and are undertaking a range of site visits and interviews with employers, migrant workers and scheme operators. We expect to publish our findings during 2024.

We are again indebted to stakeholders who have taken the time during the year to assist us with our work, both in response to formal commissions and in ongoing engagement, and we have also continued our active engagement with the Devolved Administrations. Finally, the Committee is grateful to the excellent work that the secretariat has done during the year.

We look forward in the coming year to continue in advising the government on the development of an immigration policy that enhances the welfare of the people of the United Kingdom.

Prof. Brian Bell (Chair)

Prof. Dina Kiwan

Prof. Sergi Pardos-Prado

Dr. Madeleine Sumption MBE

Prof. Jo Swaffield

Chapter 1: Net migration in the UK

Net migration

Politicians and commentators frequently highlight the level of net migration in the UK and discuss possible policies to change the level – usually focused on how to lower net migration. During the 2010s, the government had an explicit target of net migration in the tens of thousands which they never achieved, and the current government is committed to reducing the level of net migration. Although no explicit target has been announced, on December 4th 2023 the government announced a [5-point plan](#) to reduce levels of net migration.

But what is net migration, why should we care about it and what could we do if we wanted to reduce it? This chapter begins by explaining exactly what net migration measures and provides both historical and international context. We emphasise that net migration is not a complete picture of the flows of people coming in and out of the UK over the course of a year and does not attempt to capture the relative contribution of different migrants to the economy or society more broadly. Net migration figures are also subject to significant uncertainty and revision which highlights the risk of focusing unduly on a particular data release. We then discuss why policymakers may care about the level of net migration. At its simplest, positive net migration adds to the population. Whether this is desirable depends on one's view of the size of the population and the population density of the country. Even if one did not have a view on ideal population size, one may be concerned that population growth adds to the demand for housing and public services. In principle some or all of the increased housing demand could be broadly offset by increased supply since housebuilders should respond to the extra demand by building more houses, although planning constraints can hinder this resulting in higher housing costs. Similarly, most migrants pay taxes that fund public services, but it may take time for this increased revenue to affect funding and the impact may be localised as migrants tend to locate in certain areas of the UK, particularly London. Finally, we consider policy options. We first note that net migration cannot be precisely controlled because the government does not control all the levers, making it difficult to hit a particular target. More realistically, policymakers can change visa routes that will lead over time to a change in net migration. We illustrate the potential long run impact on net migration of a set of possible policy changes, and how sensitive these estimates are to a range of assumptions.

What is net migration?

Net migration is a measure of the difference between the number of people moving into the UK (immigrants) and the number of people leaving it (emigrants) during a specific period, usually a year. However rather than counting every migrant in the statistics, only those who are expected to remain in the UK for a minimum defined period of time are included. The Office for National Statistics (ONS) who produce the UK net migration statistics use the United Nations' (UN) definition of a long-term migrant which refers to those *“who move from their country of usual residence for a period of at least 12 months”*. While this is conceptually clear it can be difficult to accurately estimate in practice as for some migrants the expected length of stay will not be clear.

This 12-month definition, which is standard in many countries, means that many individuals who enter or leave the UK with short-term objectives are excluded from the net migration statistics. This includes workers on the seasonal worker visa (who can remain in the UK for only 6 months), students enrolled for short courses and visitors requiring a visa for entry. This is not a comment on relative contribution to British society nor the value to the UK of particular visa routes. The net migration statistics also incorporate British nationals leaving the UK to live, work, or study abroad for a year or more, and those returning after such a spell.

Producing the net migration statistics

Net migration figures in the UK are based on several sources including administrative data and other methodologies, with the approach changing over time. Historically the ONS had relied on the International Passenger Survey (IPS), a system which conducts between 700,000-800,000 interviews a year of passengers entering and leaving the UK. This approach had limitations, including the failure to capture some categories of migration accurately—particularly EU immigration under free movement, and the emigration of non-EU international students. These problems were the catalyst for the ONS’ decision to develop new methods based on administrative data. However, the IPS—which was temporarily paused during the pandemic—was scaled back before new administrative data sources were fully developed, creating a significant gap in the data at a time of substantial change in migration patterns.

The new administrative estimates use border data to measure the movement of people in and out of the UK, with visa and travel information combined to identify individuals’ duration of stay in the UK. Because many European Economic Area (EEA) nationals do not require visas, this data source is currently only used for non-EU nationals. For EU citizens, the ONS relies on a different administrative source: the registration and population interaction database (RAPID). For individuals with a National Insurance (NI) number, RAPID measures weeks of “*activity*” in the tax and benefits system within each tax year. However, this methodology also has its limitations e.g., there are some populations who have less or no interaction with the source datasets, such as non-working family members/students who are not accessing benefits or children under 16 (although the ONS does adjust estimates to try to account for this under coverage). Due to the complexity of identifying British migrants in administrative data, the IPS is still being used to measure the activity of British citizens migrating to and from the UK.

The use of the UN definition of long-term immigration means that whether someone should be counted as an immigrant or emigrant (and hence contribute to the net migration statistics) only becomes evident after 12 months, meaning final data are only available with a relatively long lag. Currently, the ONS publishes provisional estimates with a 5-month lag. These estimates (which were recently released for the year ending [June 2023](#)) require important assumptions to predict behaviour which can have a large impact on the estimates.

As noted, in seeking to provide timely data, the ONS produce provisional statistics in which they assume the trends of previous cohorts remain similar, before using actual data in the revised statistics which are more accurate. This means that provisional net migration statistics should be treated with caution. For example, the most [recent ONS data release](#) revised its own estimates (made 6 months earlier, in May) for 2022 net migration up by 139,000. It also revised other estimates made in May for annual net migration across 2021 and 2022 by between -39,000 and 72,000. These large revisions are partially explained by the ONS who note

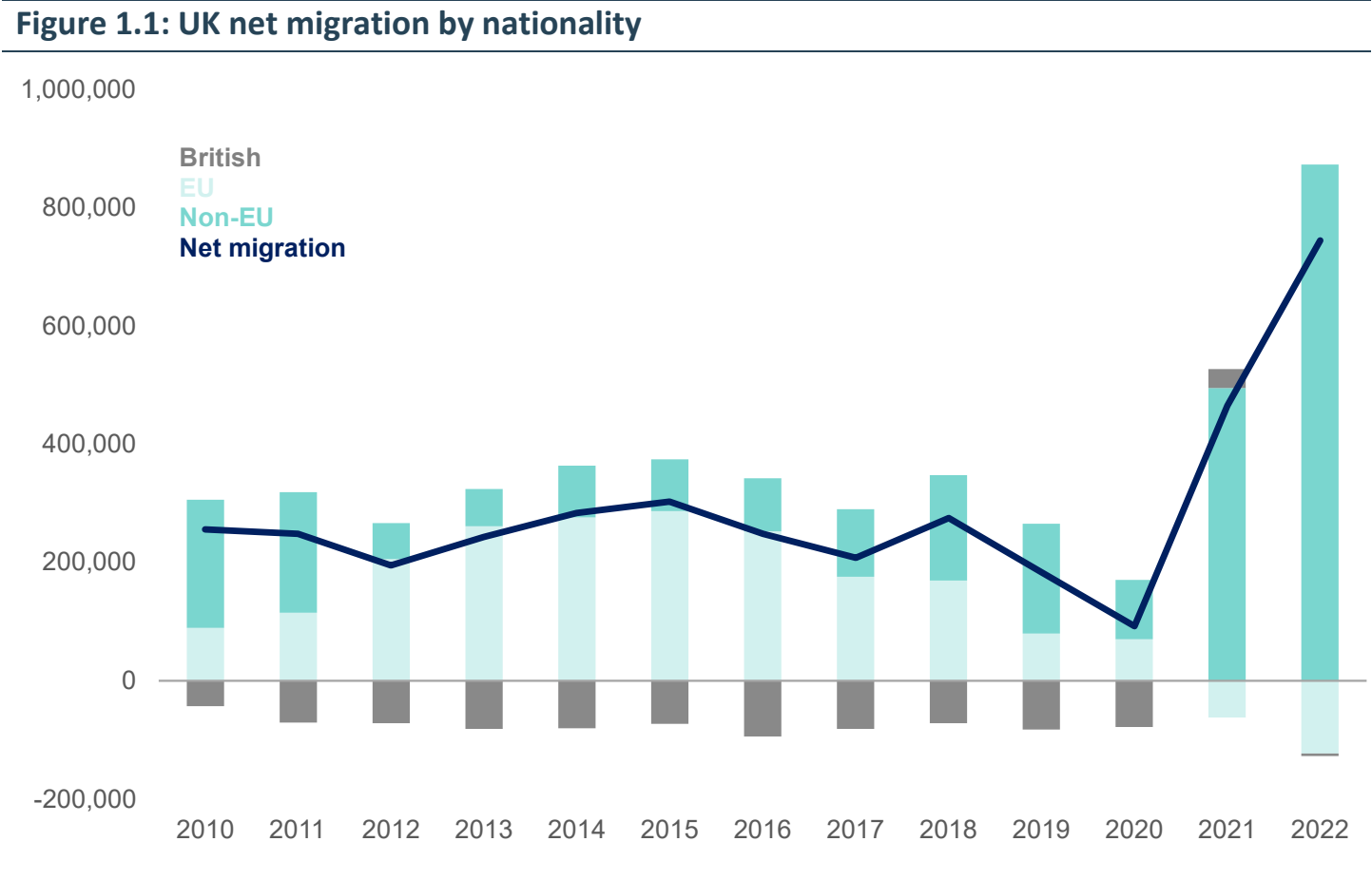
that the new methodology provides estimates that are ‘experimental and provisional’ and therefore subject to a degree of uncertainty which they are currently unable to quantify.

This raises the issue of the trade-off which exists between accuracy and timeliness. Whilst timely statistics are welcomed, the large revisions of the ONS’s provisional net migration statistics means it may be preferable to delay producing the statistics so there are fewer and smaller revisions. Consistently large revisions can undermine confidence in the statistics, even if they are planned and happen for a known reason.

How has net migration changed over time?

In 2022, net migration was 745,000 – the highest figure ever recorded. This net figure measured the difference between an inflow of around 1.2 million long-term immigrants to the UK and an outflow of 489,000 individuals emigrating from the country.

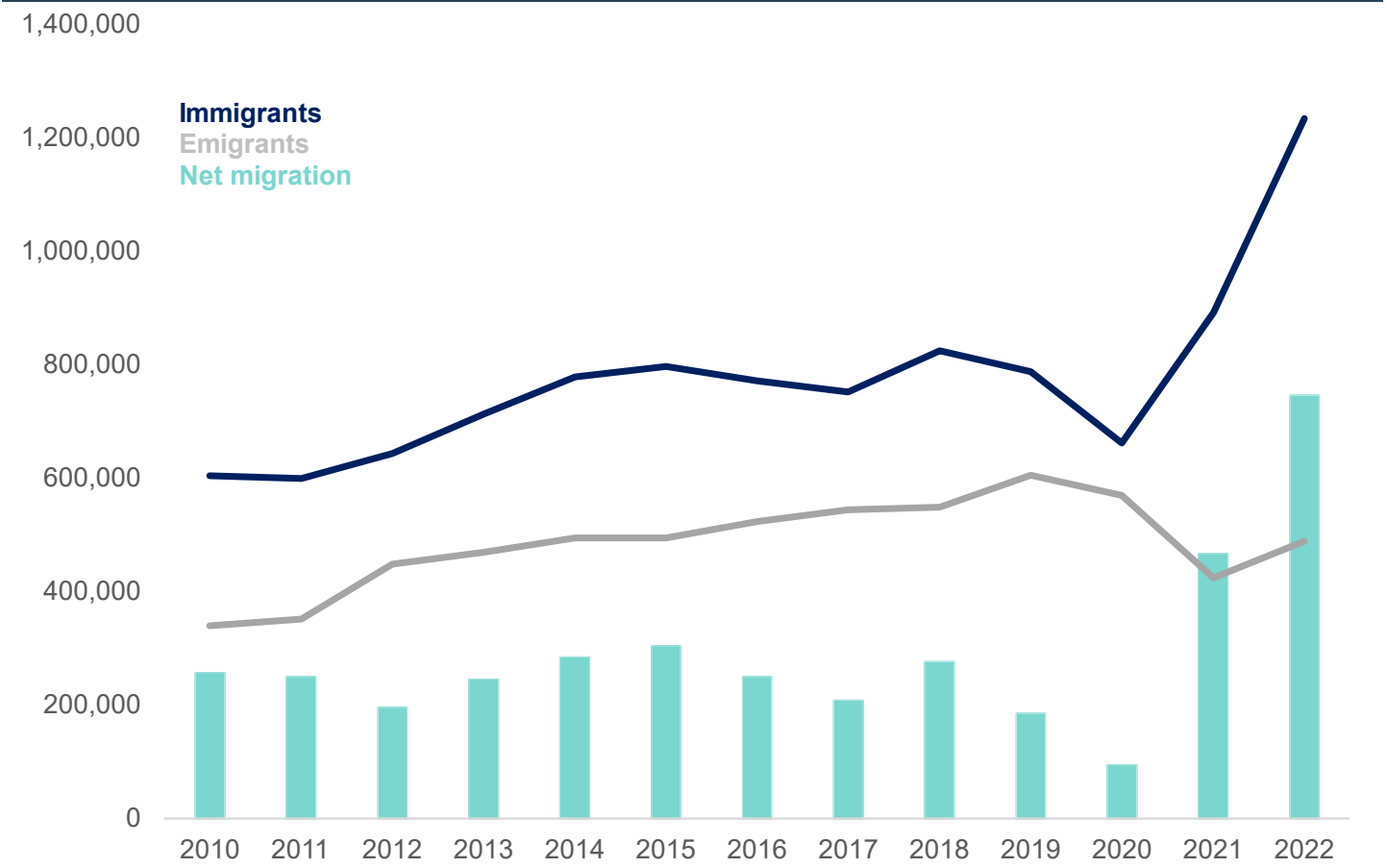
Figure 1.1 shows net migration by nationality since 2010. Between 2010 and 2019 net migration averaged approximately 250,000 per year, and never dipped below 100,000, the target at the time. On average (over the full period), EU and Non-EU migration contributed around 350,000 to net migration annually, though after the 2016 EU referendum there was a notable decline in the EU share. Net migration of British nationals was consistently negative and averaged -61,000.



Source: ONS provisional estimates of long-term international migration, August 2020 (for years 2010 and 2011), November 2023 (for period 2012-2023). Yearly figures use year-end (December) estimates.

2020 saw a significant dip in net migration primarily due to travel restrictions imposed because of the COVID-19 pandemic. This was the first year in decades that net migration fell below 100,000. Post-pandemic, when restrictions eased, net migration rose sharply despite a net emigration of EU nationals (roughly 185,000 across 2021 and 2022). The sharp rise in net migration is explained primarily by a significant increase in non-EU immigration. Overall, Figure 1.2 shows that the rise in net migration in 2022 was due to an increase in immigration, rather than a fall in emigration (with provisional ONS estimates to June 2023 suggesting that this trend has continued, although immigration may be slowing).

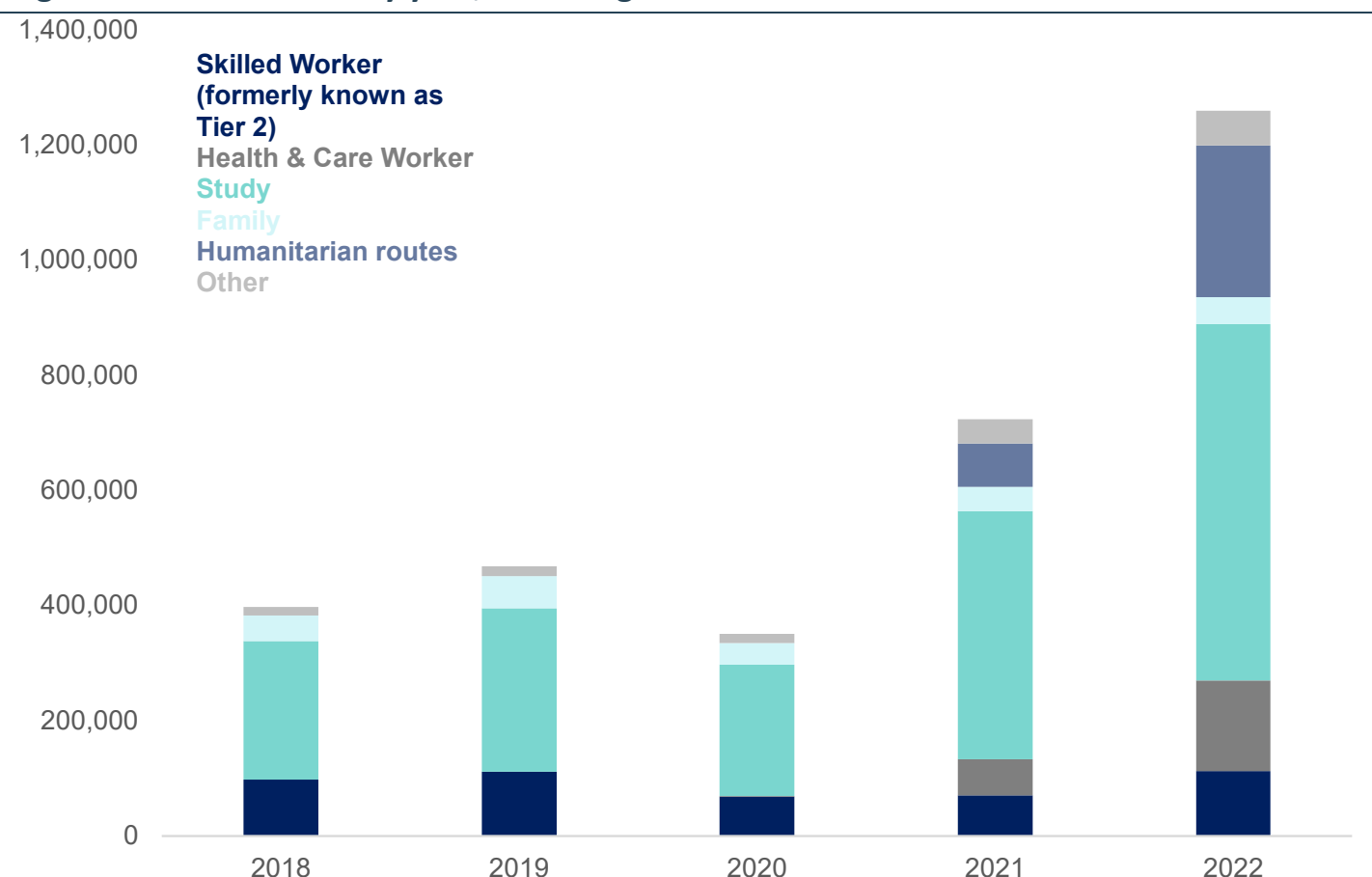
Figure 1.2: Immigration, emigration, and net migration



Source: ONS provisional estimates of long-term international migration, August 2020 (for years 2010 and 2011), November 2023 (for period 2012-2023). Yearly figures use year-end (December) estimates.

Home Office statistics provide valuable information on the inflow of migrants to the UK through visa issuance data, particularly since the ending of Freedom of Movement (FoM) requires almost all foreign nationals to obtain a visa for long-term migration to the UK. Figure 1.3 shows issued entry visas since 2018 for those likely to remain in the UK for at least 12 months. It demonstrates that the substantial increase in net migration since 2020 is largely explained by 3 factors: an increase in work visas (particularly in health & social care), an increase in student visas, and the opening of humanitarian routes such as the British National (Overseas) (BN(O)) and Ukraine schemes.

Figure 1.3: Visas issued by year, excluding short term visas



Source: Home Office Immigration statistics, Entry clearance visas granted outside the UK.

Note: This data presents issued visas; actual entry numbers will be lower if individuals decide against travelling. Short term visas (i.e., temporary visas/other temporary work visas, including Frontier Workers, Overseas Domestic Workers, Charity Workers, Creative Workers, Seasonal Workers and Service supplier visas where individuals cannot stay for longer than 12 months) are excluded. The SW route replaced the Tier 2 (General) route as the main work route for skilled work into the UK in December 2020. Care workers were made eligible for the route in February 2022 following the MAC's recommendation.

The opening of humanitarian routes illustrates an important and often overlooked aspect of net migration. When a new visa route is opened the inevitable consequence is a rise in net migration. This is because initially there are inflows into the route (immigration) and no outflows (emigration) since there are no migrants in the UK already on the new route to leave. To give an example, 210,000 visas were issued in 2022 under the Ukraine schemes and of those issued, 155,000 migrants subsequently arrived in the UK in 2022. The ONS estimated that 109,000 were long-term immigrants (the remainder having left before the 12-month mark). No long-term emigration occurred though this route in 2022, because participants had not yet been in the UK long enough to count as long-term emigrants if they left. As a result, net migration (and the population) was 109,000 higher than it would otherwise have been. The long run impact of this depends on the likelihood of migrants on the route leaving the UK. The proportion of migrants who choose to return home each year (and in which year), and whether migrants continue to arrive (all of which are likely to be influenced by external factors) will have an impact on the aggregate level, and time profile of net migration.

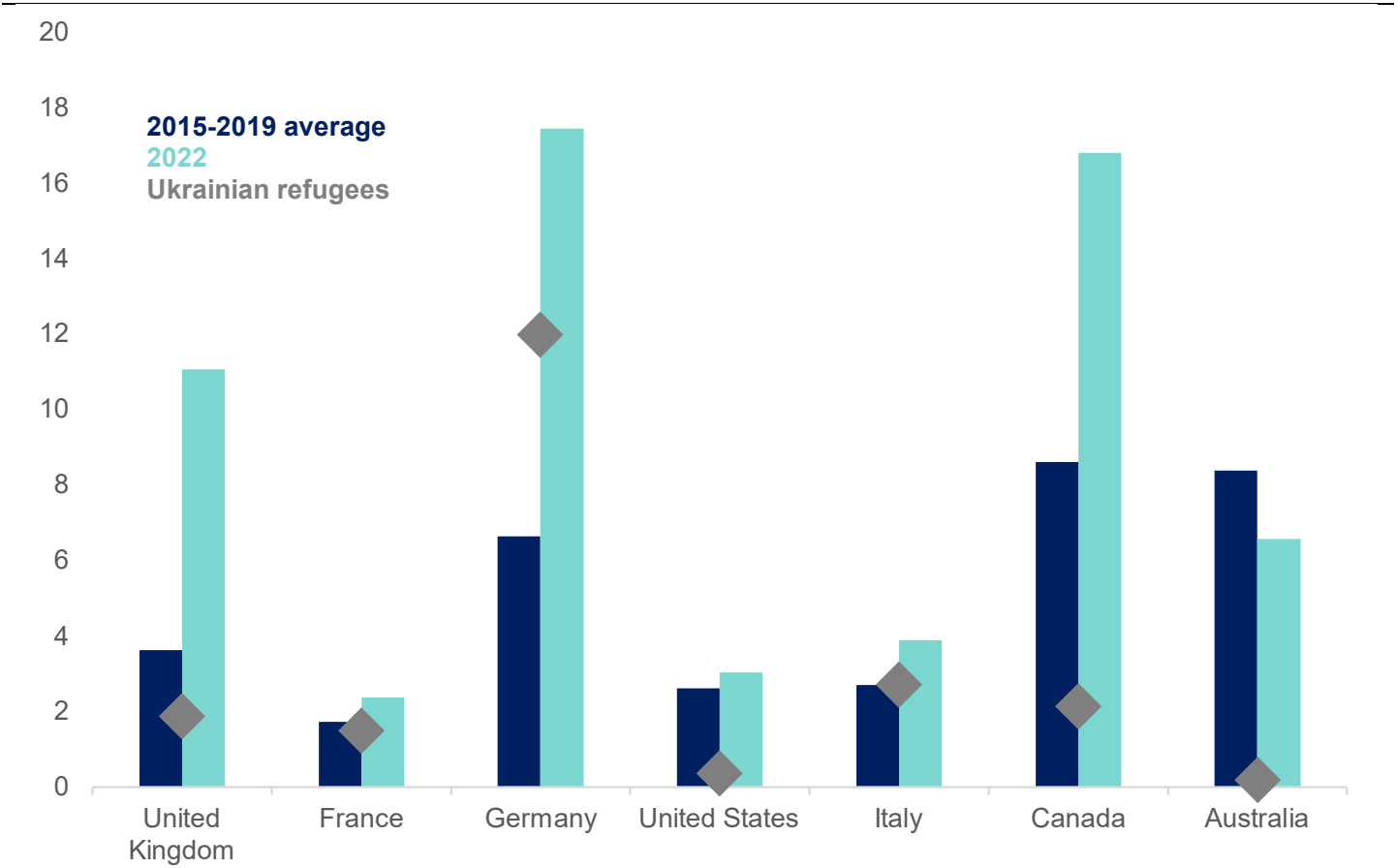
As a hypothetical example, if no further Ukrainians were to arrive in the UK over the next 10 years, and all those already in the UK returned to Ukraine at a rate of 11,000 per year, annual net migration on this route would be -11,000 each year. Therefore, the UK population would return to what it would otherwise have been

by year 10. If instead, only 50% of migrants returned to Ukraine over the next 10 years, with the remaining 50% deciding to build a new life in the UK, and no one leaves for the next 3 years, the pattern of net migration would be different. Instead, net migration would be 0 for the next 3 years, then approximately -8,000 for the following 7 years, assuming a steady rate of migrants leaving. From the 10th year onward, net migration would be 0. In the latter example, the Ukraine scheme’s contribution to the population would stabilise at 54,500 above the level it would otherwise have been.

Although net migration has been unusually high in the past few years, it is unlikely to remain at this level. High immigration leads to high emigration because many migrants only come to the UK for a few years before emigrating again. The [Migration Observatory](#) estimates that, across all visa routes, 43% of migrants are likely to stay in the UK permanently based on past trends for similar groups of migrants, although these patterns are uncertain and may change over time. In addition, the government have recently announced a set of policy changes aimed at further reducing net migration.

How does the UK compare to other countries?

Figure 1.4: Net migration in selected countries



Source: ONS (UK), Insee (France), the ABS (Australia), Destatis (Germany), Census Bureau (US), ISTAT (Italy), Statistics Canada (Canada).
Note: Ukrainian refugees accepted up to September 2022. Net migration values for France (2022) are provisional and may be revised by Insee.
Data are expressed per 1,000 resident population.

Accounting for population, in recent times the UK has experienced a similar level of net migration to comparator countries. Over the period 2015-2019, the UK’s average net migration was slightly higher than

Italy and the US, but below Germany and approximately half the size of Canada and Australia. Like similar countries, in 2022 UK net migration rose. All countries in Figure 1.4 experienced higher net migration in 2022 compared to 2015-2019 (with this increase most notable in Germany and Canada) with the exception of Australia, which pursued a more restrictive immigration policy due to the pandemic, and is expected to see its own surge in net migration in [2023](#).

This increase in net migration can be explained both as a response to COVID-19 (with immigration plans delayed until after the pandemic) and (especially in Europe) by the crisis in Ukraine. For example, Germany's spike in net migration can be largely explained by how open they were to Ukrainian refugees, accepting in excess of 1 million migrants in comparison to 155,000 in the UK. These refugees will have caused a spike in immigration not met by a respective rise in emigration. However, the UK has seen a larger increase in its net migration figures compared to countries such as France and Italy, despite their intake of Ukrainian refugees per population being relatively similar (see above). As noted earlier, this is because increased student numbers and health and care work (H&CW) visas had significant influence on the UK's increase in net migration.

Why should we care about net migration?

Net migration levels affect the UK and its constituent nations and regions in different ways. At an aggregate level, positive net migration means more people entering than leaving the UK. However, the visa routes which make up this total (work, family, humanitarian etc.) will each have their own costs and benefits, resulting from factors such as what each group of newcomers does in the labour market or what public services they use.

In addition, net migration changes the population and affects population growth which may have economic and social impacts. There is no consensus on what might constitute an 'optimum' population level for the UK. This is in part because population size or population density on their own are not particularly important predictors of prosperity or living standards, although it is perfectly reasonable for people to have political preferences about these things. It is also because the impacts of population growth resulting from net migration depend on how the UK responds: for example, how effectively public services or the housing stock are expanded.

Our view is that the composition of migration matters more for the economic impacts of migration than the aggregate number of people admitted. It is not sensible to discuss overall desirable levels of net migration in isolation from a discussion of the costs and benefits of the routes that comprise net migration. Net migration would have very different associated costs and benefits depending on the characteristics of the migrants arriving - whether they will be studying, working, or claiming asylum. Nonetheless, population growth (or change) in its own right does come with costs and benefits, which this section explores.

Population

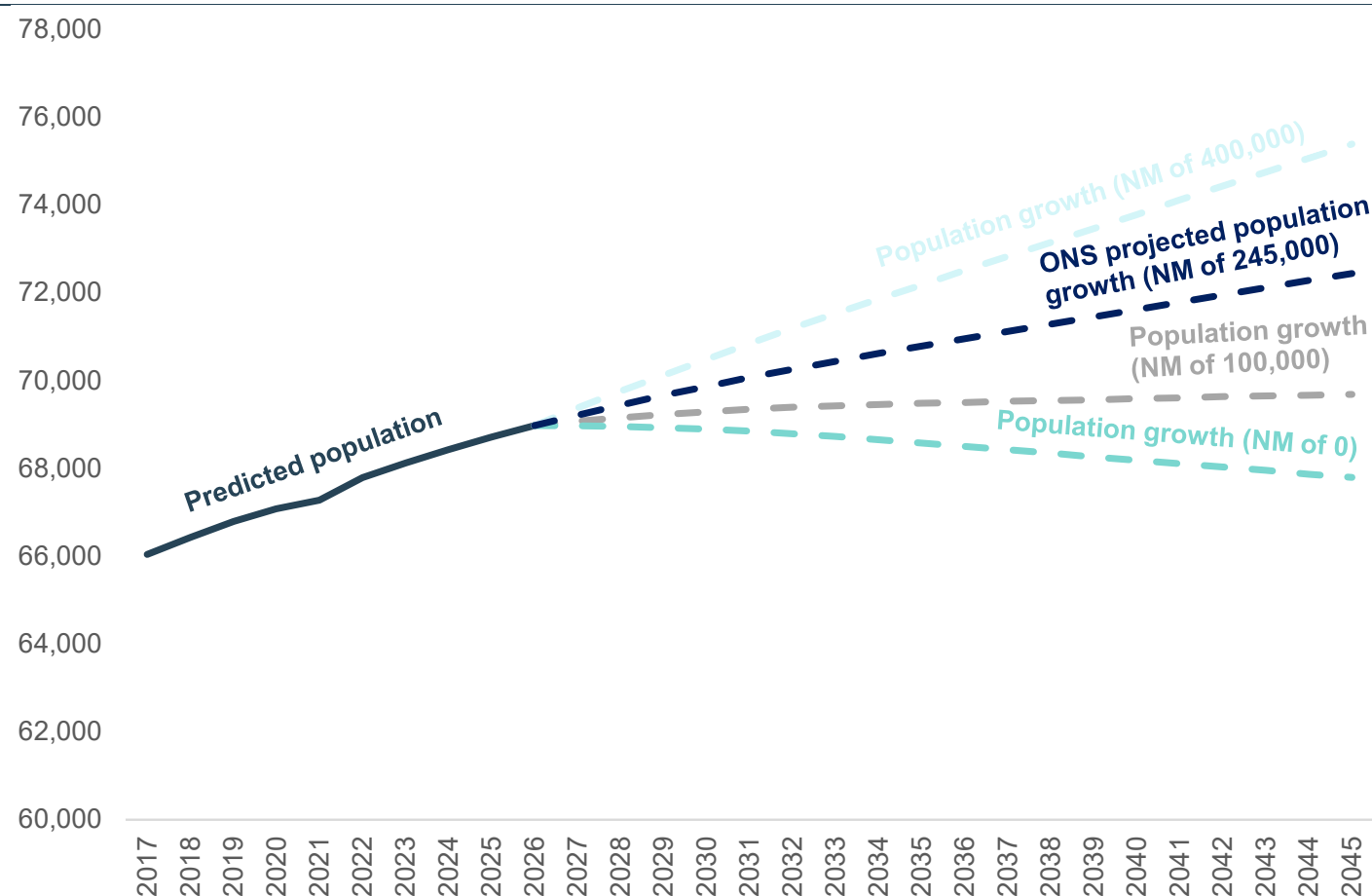
As discussed, the most direct and straightforward impact of net migration is to alter the size of the population. In a simple accounting sense, changes in total population are the sum of natural change (births minus deaths) and net migration. Net migration is a major component of population growth, accounting for 60% of the UK's population growth [between 2001 and 2020](#).

ONS population projections illustrate how the size of the UK population is likely to change over the next few decades. Figure 1.5 shows projections for the UK's population under 4 alternative scenarios for annual net migration:

- 1) The ONS long-term projection of 245,000 per year;
- 2) 0 net migration;
- 3) 100,000 per year; and
- 4) 400,000 per year.

If net migration was 0 going forward, the UK population would begin to decline from 2027, as deaths exceed births. Net migration of 100,000 would leave the UK population size roughly flat, while the central and higher net migration scenarios lead to positive population growth over the 25-year projection period. The impacts of a given level of UK net migration vary across the UK's constituent nations (England, Scotland, Wales and Northern Ireland). In Scotland, even using the ONS' central long-term net migration scenario, the population in 2045 would be lower than the population in 2024. While this chapter focuses on net migration more broadly, in our [2022 Annual Report](#) we broke down the composition of, and projections for, the populations of UK's constituent nations in detail and explored what a population-based approach to migration policy might look like.

Figure 1.5: UK population projections with different net migration scenarios

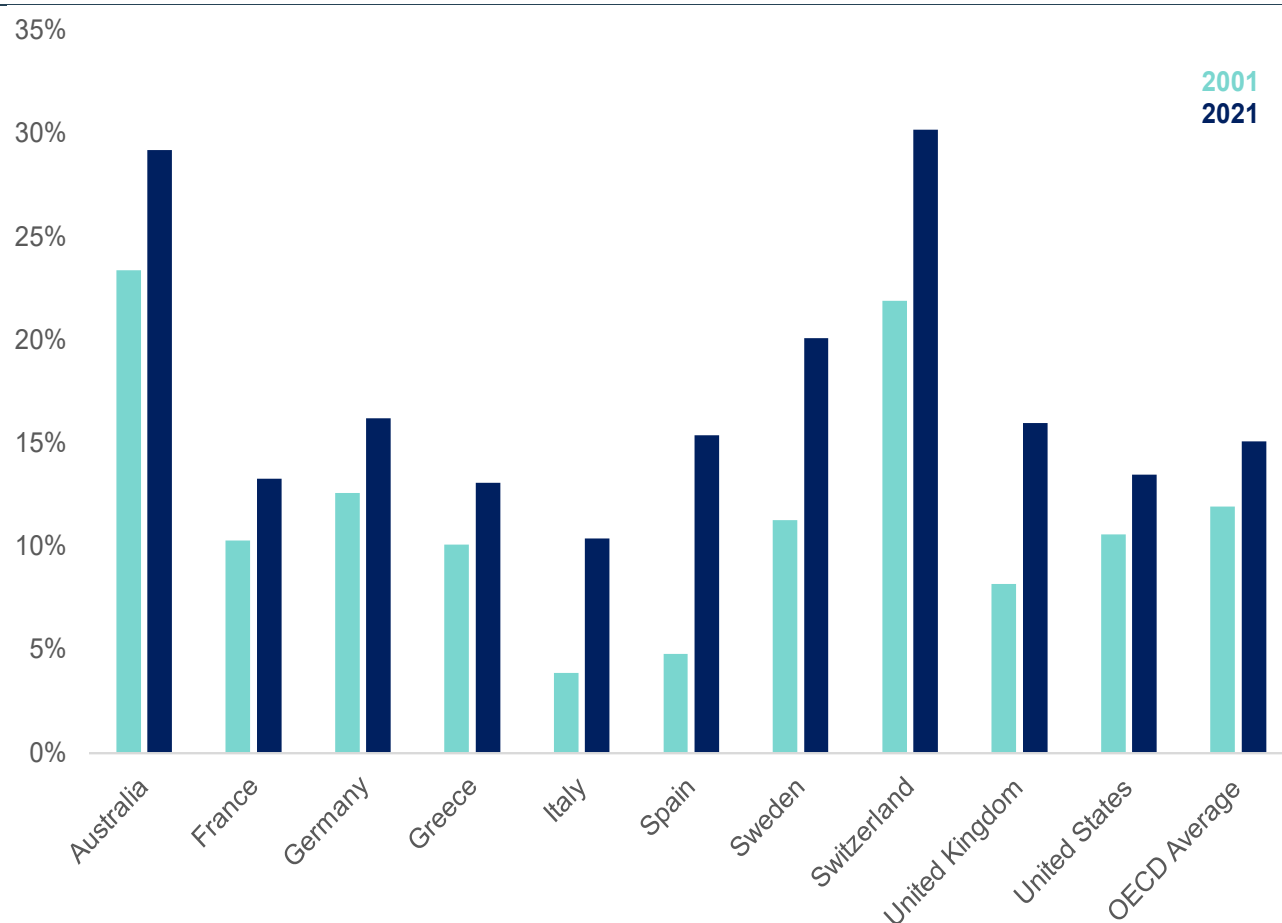


Source: ONS United Kingdom population predictions and migration assumptions. Data are in thousands.

Net migration also changes the demographic composition of the population in various ways. Most directly it changes the relative shares of the population who were born in the UK and those born abroad. Figure 1.6 shows the foreign-born population at the start of the millennium and in the most recent data for the UK and selected countries. With most developed countries experiencing consistent positive net migration flows over the period, all countries shown have seen the foreign-born share of the population increase. While the foreign-born population in the UK has grown more quickly than most across this period, this still places it significantly below countries such as Australia and Switzerland at the top of the spectrum (with 29% and 30% foreign-born population respectively).

In addition, migrants are more likely to be of working age compared to the resident population. This will alter the age distribution of the population as a whole and have impacts on the dependency ratio (the ratio of the working age population to non-working age population). However, as we discussed in our [2022 Annual Report](#), it is unrealistic to expect substantial change in the dependency ratio as a result of net migration unless one is willing to contemplate levels of net migration which we have never experienced before.

Figure 1.6: Foreign-born share of population in selected OECD countries



Source: OECD.

Note: 2021 (or most up to date) and 2001 (or closest available).

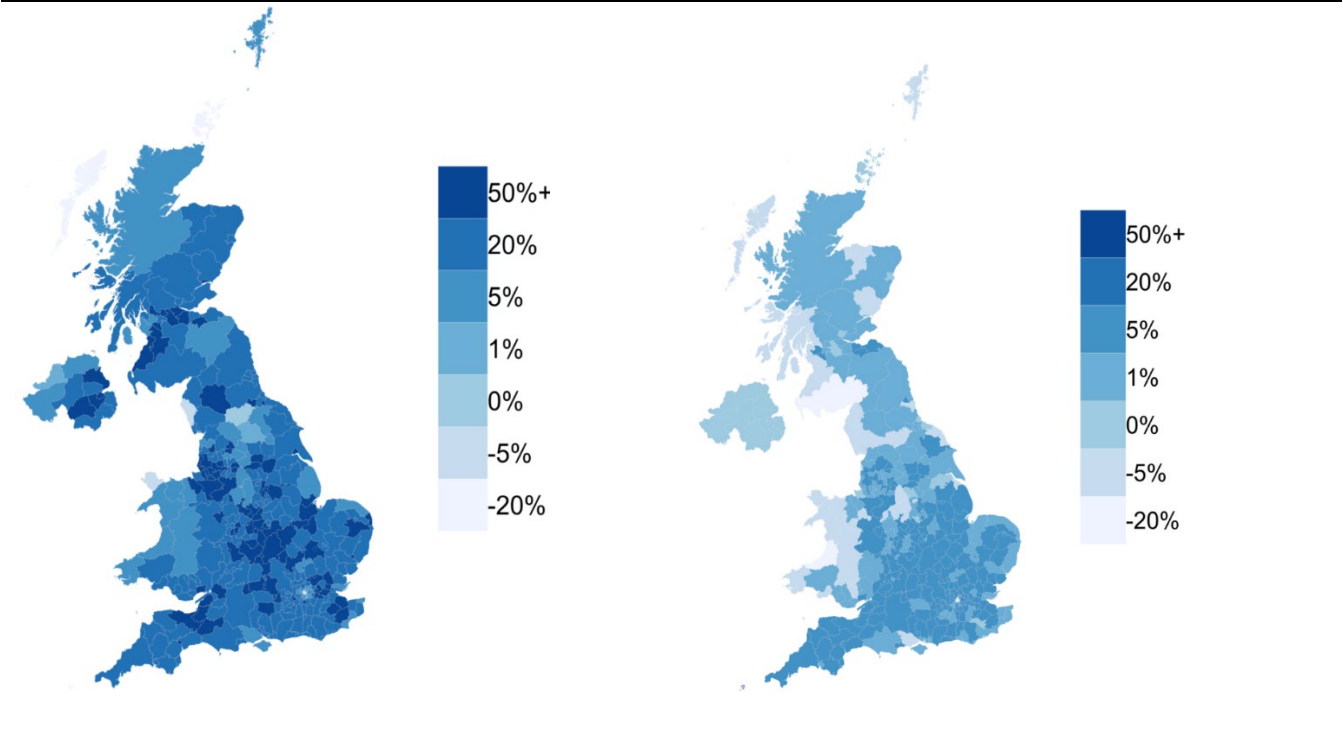
As shown above, the foreign-born population of the UK has increased since 2001. However, at a sub-national level, migrants are not distributed evenly across the country meaning that the population impacts are much larger in some areas. Figure 1.7a, below, shows how the foreign-born population at local authority level has changed since 2011. There has been a significant increase of the foreign-born population in various parts of the country, with parts of Scotland (Midlothian, North Lanarkshire, West Lothian, and Falkirk), the North (Knowsley, Barnsley, and Bolsover), Midlands (Mansfield, Ashfield) and South (Dartford, Havering) all seeing their foreign-born share more than double between 2011 and 2021. By contrast, fewer areas have seen a decrease in their foreign-born population, with this phenomenon limited to the UK's islands (Na h-Eileanan Siar, Orkney Island, the Isles of Scilly and Isle of Anglesey), some inner-city London boroughs (Kensington and Chelsea, and Westminster) and Copeland. Changes in foreign-born populations are driven by recent immigration and the internal migration of previous immigrants, but historic characteristics also play a role – if an area has a very low foreign-born population to start with, a relatively small increase in numbers can create a large percentage change (see Table 1.8).

While there has been a significant increase in the foreign-born population of some less densely populated areas (such as Northamptonshire), in general, recent immigrants chose to reside in the larger UK cities. For

example, roughly 15% of the population of England and Wales live in a London borough whilst around 27% of recent immigrants to England and Wales (arriving in the past year) live in a London borough. This is replicated across the UK’s major cities, which tend to have a considerably higher proportion of foreign-born population compared to smaller cities, towns, and rural areas.

Figure 1.7a: Percentage change in foreign-born population by Local Authority, 2011-2021

Figure 1.7b: Percentage change in population density by Local Authority, 2011-2021



Source: For England, Wales, and Northern Ireland: census 2011 and census 2021. For Scotland: census 2011 and APS 3 year pooled, 2020-2022.

Source: For England, Wales, and Northern Ireland: census 2011 and census 2021. For Scotland: census 2011 and APS 3 year pooled, 2020-2022.

Table 1.8: Areas with highest percentage change in foreign-born population, 2011-2021

Area	2011 Population	Population change to 2021	Change in foreign-born population
Midlothian	83,200	13,400 (16%)	4,900 (145%)
Knowsley	145,900	8,600 (6%)	4,600 (134%)
Dartford	97,400	19,400 (20%)	12,000 (109%)
Havering	237,200	24,800 (10%)	26,500 (108%)
Mansfield	104,500	6,000 (6%)	6,100 (105%)

Source: ONS (For England, Wales, and Northern Ireland, census 2011 and 2021. For Scotland, census 2011 and APS 3 year pooled, 2020-2022).

Figures 1.7a and 1.7b show that growth in the foreign-born population in certain areas has not necessarily translated to a significant change in population density. For example, in various areas where the foreign-born population has more than doubled (see Table 1.8) the total population has only increased between 6% and 20%. Whilst locally the foreign-born population growth may be more noticeable, the resulting increase in population and population density is much smaller.

Figure 1.7b shows that there has been a relatively consistent small increase in population density across the period, with this growth more acute in and around major cities, such as London, Manchester, and Bristol. Whilst concerns exist around the potential for overcrowding created by increasing population density, there are also economic benefits associated with this phenomenon, especially in major cities ([Glaeser & Resseger, 2009](#)).

Housing

Housing is an important strategic policy issue, with all the main political parties including commitments within their 2019 manifestos to increase housing supply in England. The [Economics Observatory](#) argue that there has been a lack of long-term housing supply, due in part to planning restrictions, which has resulted in high housing costs.

Net migration contributes to the demand for housing through increasing the local population. Historically, the supply of housing in the UK has not kept pace with rising demand and so it would be expected that the increased housing demand arising from positive net migration would put further upward pressure on housing costs.

There have been attempts to estimate the impact of migration on housing costs, with mixed results. In our [report on EEA migration](#) we found that a 1% increase in the population due to migration leads to a 1% rise in house prices. However, the results were sensitive to specification and the impacts of migration on house prices cannot be seen in isolation from other government policies. For example, if an increase in migration were combined with a relaxation of planning regulations, the expected impact on housing costs would be different. Similar results were found in the Ministry of Housing, Communities and Local Government ([MHCLG \(2018\) modelling](#)).

Contrastingly, at a local level there is some evidence that immigration can cause a reduction in housing costs (see [Sá \(2014\)](#) and [Zhu et al \(2018\)](#)). This is likely caused by native flight, where high-income locals leave areas as the migrant population increases. It must be noted that this reduction in housing costs would be more than offset by the increase in other areas caused by the migrating natives adding to housing demand wherever they move.

The impact of immigration on housing will differ depending on the visa route or reason for immigration; students, workers and families will have different demands. For example, students are more likely to rent a room in shared accommodation whilst higher earning workers may live alone. There is, however, a distinct lack of evidence on the impact of particular visa routes on housing demands. This means that predicting the impact of net migration on housing assumes that the current mix of migrants will stay the same. Figure 1.3 shows how the composition of migrant groups varies year on year, suggesting that this would be a weak assumption.

On the other hand, migration can positively impact the supply of housing with some of the immigrant population being likely to work in the construction sector, as we argued in [2018](#). This increased workforce could lower costs and increase the volume of new housebuilding, which would mitigate the increased demand for housing. It is important to consider both housing supply and demand to understand the aggregate effect.

Overall, the available evidence suggests that in the UK context where housebuilding has not kept pace with population growth, net migration has contributed to – but is by no means the only cause of – higher housing costs. To the extent that policymakers are unable, or unwilling, to address the various other constraints on house building, this may encourage a focus on reducing net migration.

Public services

Net migration increases the demand for public services such as education, health, and policing. However, migrants pay taxes, and so at the aggregate level the most important consideration is whether migrants are net contributors to the fiscal balance i.e., do they pay more in tax than they use in public services. If migrants are on average net contributors, then public services could improve with no additional tax burden on the resident population. This again highlights the point we made previously – the impact of specific routes is likely to be more important than the aggregate level of net migration. For example, migrants arriving on the Skilled Worker (SW) route (particularly in the RQF6+ graduate level occupations) are more likely to be net fiscal contributors compared to those arriving on humanitarian routes.

Different issues are relevant at the local level. Here, in theory, public spending adjusts to population size i.e., government allocates funding to local areas based at least partly on their populations. However, not only does it take time for the data to reflect population increases and for budgets to account for these changes, but many spending decisions continue to use outdated population estimates which have not been revised in many years.

The responsiveness of local level funding varies heavily across services. School funding is largely allocated on a per-student basis, with funding top ups added for disadvantaged students. This is lagged, with schools funded based on their student numbers the previous year, but some extra funding is available within-year for schools with growing student rolls. Childcare funding also responds to changing need on a lagged, annual basis. By

contrast, every area has seen the same percentage change in public health funding since 2013, regardless of differences in population growth between areas, and the same is true of the main grant for police services. A promised Fair Funding Review, which would reassess needs for local government funding and reflect changes in populations since 2013, has been delayed until at least 2025. Even National Health Service (NHS) funding, which has a strong process to assess need has difficulties in monitoring population levels accurately. Funding is allocated based on GP registrations, which differ from ONS population estimates, especially in areas with more students or renters. Beyond issues monitoring and responding to population changes, there are likely to be short-term supply constraints which mean population growth may create pressures at the local level. For example, one cannot quickly build a new GP surgery, so either patient list size rises or patients travel further to alternative GP surgeries until such adjustment can occur.

While there are some advantages to funding being stable or predictable over time, as well as political difficulties in reallocating funding in response to changing needs, if this meant a reduction in funding for some places, it is clear that funding for public services at the local level is not perfectly responsive to population change. Any form of population growth, of which positive net migration is one, may therefore place pressures on local budgets. In the case of migration these impacts are dependent on the profile, and the needs, of the arriving migrants e.g., families would demand schooling which young professionals would not.

Even if funding was made more responsive to changes in population estimates, these estimates are not infallible. Difficulties measuring both population and migration become more and more pressing the further we move away from the census, the point at which population estimates have their highest certainty. In the intervening period between censuses, the ONS makes population projections for local areas based on assumptions. Overall, 89% of the ONS' local authority population estimates for 2021 (in England and Wales) differed by less than 5% to the census (of the same year). However, projections for local authorities in cities or with relatively high student populations were less accurate, and for 3 authorities in London (Westminster, Camden, and City of London), the ONS projections and census-based estimates differed by more than 20%.

Areas experiencing population decline

Whilst most parts of the UK experience population growth, this has not been the case everywhere. Since the 2011 census, certain areas of the UK have experienced population decline, with this most evident in parts of Scotland and Wales, as well as Cumbria and London (although this may be due to more mobile student or migrant populations) in England. In these areas, positive net migration may be able to boost economies as well as rebalancing localised demographic issues associated with an ageing population. Whilst mitigating population decline in certain parts of the UK does not mean we must have high migration everywhere (and much of the pressure of population growth would be in London and the South-East), migration into parts of the UK which have suffered population loss and economic decline might help to generate employment and sustain services. However, there are challenges in how to support migration to boost population growth in some areas. As we said in our [2022 Annual Report](#), inward migration is not well-suited to addressing broad demographic challenges but could be considered as a tool in the case of rural depopulation, where there continues to be a significant evidence gap on the efficacy of rural visas.

How could net migration be reduced?

Whilst there is often a desire amongst politicians to reduce overall net migration numbers, as we have argued previously, the impact depends on the type of migrant being prevented or encouraged to immigrate. It is impossible to reduce net migration precisely to a certain level, making very specific targets largely unworkable. To see why this is the case it is useful to remember the underlying flows that generate net migration. Only if one can perfectly control every flow can one hit the target exactly. To understand this difficulty, consider the breakdown of each flow below:

1. *Immigration and emigration by UK nationals*

It is highly unlikely that the government would introduce controls over the ability of UK citizens to move abroad or to prevent those same citizens returning to the UK. In 2020, net migration by UK nationals was -78,000 and it was estimated at +32,000 in 2021 (although some of this may have been due to BN(O) arrivals reporting that they were British). There is little in practice that the government could do to control such swings.

2. *Immigration from non-UK nationals*

In principle the government has much tighter control over the entry of non-UK nationals into the UK. Almost all foreign nationals require a visa for long-term stay and the government has specific requirements and restrictions on visas that will influence the number and mix of arriving migrants. However, the government cannot accurately predict how many people will take up each visa route. To give a simple example, student visas for undergraduate study are given to any foreign national who has been offered a place by a licensed student sponsor (e.g., a university), has enough money to support themselves and pay for their course, and has a certified level of English. However, it will be universities who decide how many places to offer international students and the students who decide whether to accept the offer. The number of visas issued on such a demand-driven visa route cannot easily be controlled. The government can make the rules more restrictive to reduce immigration, but their impact on numbers is difficult to predict, particularly when there may be a behavioural change in response to the changing rules. The only practical way to control immigration on a visa route tightly is to introduce explicit caps on numbers – but the unintended consequences of such caps are often underappreciated. Not only is it difficult to decide on a sensible number for the cap, but remaining fixed to any (arbitrary) level ignores the fact that immigration responds to economic need and such a cap would hamper the UK's ability to respond to skill gaps, shortages or fast growing sectors.

3. *Emigration of non-UK nationals*

Most visa routes have a set of rules regarding the length of time a migrant can remain in the UK. By altering these rules, the government can alter the emigration flow. But again, the government can only imperfectly control this. A skilled worker may enter the UK on a 3-year visa but decide to leave after

only a few months. Similarly on many visa routes migrants have the right to apply for indefinite leave to remain (ILR) after 5 years. Once granted, the government cannot control their decisions regarding remaining or leaving the UK. In practice, we know historically what proportion of migrants on different visa routes remain in the UK in the long run and this gives us a broad sense as to how large emigration flows will be, but these can change in response to external factors such as economic and political development in home countries.

Illustrating potential effects of policy change on net migration

The difficulty in precisely reducing net migration to a particular level, or by a specific amount, can be exemplified through modelling the impact of some policy scenarios on net migration. This shows that under a range of reasonable assumptions on policy options, stay rates and how individuals or businesses might respond, quite different answers as to the impact on net migration are produced. Using analysis published by the [Migration Observatory and LSE](#), we explore the impact on net migration of 2 policies:

- (1) An increase of the Skilled Worker (SW) route salary threshold to £30,000; and
- (2) A restriction on the ability of students on taught postgraduate degrees to bring dependants with them.

We have consistently argued for regular uprating of salary thresholds in line with the wider labour market conditions, which is reflected in the first scenario. We note that the government announced on December 4th an increase in the SW salary threshold to £38,700. The second scenario reflects government policy which will come into force in January 2024.

For each scenario, a simple process is followed to estimate the potential change in net migration. We start with an estimate for annual immigration into the UK in the relevant visa category (i.e., work visas for the first policy scenario, study visas for the second). Given the difficulty of [forecasting immigration](#) we use the LSE-Migration Observatory's simplifying assumption that 2022 immigration levels continue in most (but not all) of these categories. Then, we reduce this annual immigration figure by the proportion who might no longer be able to enter the UK, based on the conditions set out by the policy scenario and informed by historic data. We then examine what happens to *net* migration in the long-term if migrants stay in the UK at the same rate that they have done in the past, or a similarly plausible level. For example, if 100,000 people enter the UK in a given year and their stay rate is 50%, this means that 50,000 of these people will then emigrate at some point in the future. It will only be the 50,000 who arrive but do not leave again who will contribute to net migration in the long run. Table 1.9 presents indicative projections of the long-run impact of the 2 policy scenarios. We carry out sensitivity analysis using a set of plausible assumptions given the uncertainty and find that changes in stay rates, individual responses and other assumptions have a large impact on overall net migration estimates. Annex A sets out the detailed assumptions we have made under each hypothetical scenario.

Summary results

Table 1.9: Projected long run net migration

Policy scenario	Migrant visa category	Category stay rate	Potential reduction in annual immigration	Central variant reduction in long run net migration	Reasonable range of reduction in long run net migration
Salary threshold raised (including for care workers)	Work	60% - 80%	50,000 - 90,000	40,000	30,000 - 70,000
Student dependants restricted	Student	20% - 40%	90,000 - 120,000	20,000	20,000 - 50,000

Source: MAC analysis using model originally developed by Migration Observatory and LSE, based on ONS LTIM (2023), Migrant Journey (2022).

Note: Long run net migration refers to the year 2030 and beyond. Stay rate refers to the proportion of that visa category who are likely to remain in the country after 8 years. Assumptions are included in Annex A of the report.

Scenario 1: SW route salary threshold raised to £30,000.

We have repeatedly called for the government to uprate thresholds annually to account for changes in prevailing wages in the labour market and avoid the need for large increases created by delays to uprating.

In the first hypothetical scenario, we assume the salary threshold (minimum salary) for individuals coming to the UK on the SW route is raised to £30,000 a year (from the current level of £26,200), while care workers (SOC code 6145) and senior care workers (6146) remain on the Shortage Occupation List (SOL) and hence can be paid 20% less - £24,000 (but no other occupations are permitted this salary reduction).

We assume that occupations on national pay scales are unaffected by the salary threshold change (as these salaries are set by the government and do not have to meet the general threshold) and that the new entrant discount (allowing individuals to pay 70% of the going rate, or the lower threshold, whichever is binding) continues. The stay rate we use is 70% (based on data on the proportion of individuals on the historical Tier 2 route likely to still be in the UK 5 years after arriving). Additionally, we assume that for 10% of roles firms respond by raising salaries to meet the threshold. Under these set of assumptions, this policy might cause annual immigration to fall by around 60,000 (with care workers accounting for approximately 70% of this reduction) and long run net migration by approximately 40,000 a year.

However, this estimate is highly sensitive to assumptions about what the exact policy detail would be and how individuals and businesses might respond. If the stay rate for individuals on the SW route was reduced to 60% (to bring it more in line with the aggregate stay rate for all work routes combined, 57%), and instead of 10% of employers increasing salaries to meet the threshold, roles previously 10% below the threshold had their salaries raised, long run annual net migration might be reduced by more like 30,000. Here, workers overall are less likely to stay in the UK in the long-term (and hence contribute to net migration) and the fall in immigration is also lower. Conversely, if no occupations received a salary discount below £30,000 (thereby excluding over 98% of care workers), the new entrants discount was abolished and the worker stay rate increased by 10%,

annual net migration might fall by closer to 70,000. As a group, a larger proportion of workers are expected to remain in the UK after arriving, and hence a sizeable reduction in their immigration has a more meaningful impact on net migration. This difference of 40,000 for the same base scenario demonstrates the extent to which predicting changes in net migration is highly sensitive to the underlying assumptions.

Scenario 2: Government restriction on student dependants

In the second scenario, we restrict the ability of international students to bring dependants unless they are on postgraduate courses currently designated as research programmes - which will be the rule from January 2024. Undergraduate international students are already restricted from bringing in dependants.

Under the assumption that those who are put off coming to the UK to study by this policy are replaced by other students who are still prepared to come (main applicant numbers are unaffected), the number of dependants, and hence immigration on the student route, could fall by around 90,000. Assuming a stay rate of 21% (based on students' historic stay rates, adjusted for the presence of the graduate route using the previous experience from such a route), long run annual net migration could fall by 20,000. However, main applicants may be disincentivised from studying in the UK if they are not permitted to bring dependants. Under the assumption of a 10% fall in main applicants affected by the change in dependant policy, immigration may fall by closer to 120,000. It is also possible that the 21% international student stay rate is too low. Combined with the assumption of an increased stay rate of 40% - which could well result if the graduate route has a larger impact on long-term plans than it did in the past and/or if students find it easier to stay in the UK due to the health and care worker visa—this reduction in net migration would be more than doubled, to closer to 50,000.

Commentary

These scenarios demonstrate the uncertainty around the impact of policies on net migration, and the importance of the assumptions we make around how long individuals are likely to stay in the UK and the behavioural response of individuals and firms. In the salary threshold scenario, both the response of firms and the adjustment of worker stay rates up or down by 10 percentage points could mean a difference in the tens of thousands to long-term annual net migration. How main student applicants respond to a ban on dependants could change annual immigration by tens of thousands, and an increase in the stay rate up to a plausible 40% could double the number of students contributing to the UK's net migration statistics in the long run from the base scenario. This uncertainty extends to future immigration, which could differ from the Migration Observatory baseline assumptions for a variety of reasons including increased or reduced demand for overseas workers, changes in stay rates and a possible decline in international students due to recent policy changes.

It also highlights the importance in differentiating between different groups when considering the impact of policy on net migration. Students have in the past had much lower stay rates compared to workers and were likely to leave the UK after finishing their course; hence, policies to restrict student entry to the UK have a smaller impact on overall net migration. If these past patterns hold, cutting student dependants might lead to a fall in annual immigration of 120,000 but only have an impact of around 20,000 on long run net migration. However, the student stay rate could increase due to the opening of the graduate route and care worker visa, and, if so, this would mean the projected reduction in net migration in the long run due to restricting the

student dependant route would be larger. Restricting the entry of workers to the UK has a larger impact on net migration because a higher share of workers are expected to remain in the UK permanently, although it involves policy choices which might limit the UK's access to skilled labour. The hypothetical scenarios demonstrate the importance of fully understanding the mechanisms through which policy changes impact long-term net migration for government when developing policy. They also demonstrate the difficulty of ensuring that any particular policy change that government implements can deliver a specific reduction in net migration. The exact impact, for example, of the government's package of measures intended to bring down net migration (announced on 4th December) is by no means certain.

Conclusion

Net migration is a seemingly simple measure but one which is difficult to estimate and often misunderstood, with public discourse focusing mainly on the immigration side of the equation. The most obvious way in which net migration relates to outcomes in the UK is through its impact on population growth. A changing population level has implications for housing and public service provision including education, transport, and the environment. Whilst there is no optimal level of net migration it is an undoubtedly important issue, specifically at the local level, and with varying population projections for different parts of the UK, the UK government and the devolved administrations are approaching the issue of net migration with different policy priorities in mind.

Critical to a better understanding of the impacts of net migration is distinguishing between different categories and characteristics of migrants: their reason for coming to the UK, how long they stay and where they choose to locate. This determines the type of services that they will demand, what kind of contributions they make to the UK, and for how long they will do so for. This is also important when considering policies aiming to effect net migration which are likely to have differential impacts across the UK's nations and regions.

It is entirely for government to decide if net migration is too high and needs to be reduced. Whilst there are a range of policy choices that will clearly reduce net migration, our analysis highlights how difficult it is in practice to have confidence in the likely impact of a particular policy change on long-run net migration, which suggests that policymakers may want to be cautious in the promises they make on future migration levels. Finally, we would suggest that government should consider the total impact of a policy change, rather than simply its effect on net migration. For example, a binding cap which reduced the number of care workers allowed would decrease net migration. But what would be the effect on the social care sector? Migration policy does not act in isolation.

Chapter 2: Health and Social Care revisited

As documented in the previous chapter, there has been a rapid increase in the number of Skilled Worker (SW) visas issued to the health and social care sector. In the year ending September 2023, 142,800 entry visas were issued for the sector, accounting for 68% of all SW entry visas. The growth has been driven in particular by visas for care workers and senior care workers, amounting to 48% of all SW entry visas. In our [2021 Annual Report](#) and our [review of the adult social care sector](#), we highlighted the workforce challenges facing the sector. These included the increasing demand for care, high vacancy and turnover rates, low pay rates with little pay progression, and poor terms and conditions compared to competing occupations. In light of this, we recommended the addition of Care Workers and Home Carers to the Health and Care Worker visa (H&CW) visa and [Shortage Occupation List \(SOL\)](#) to potentially alleviate some of the difficulties in the short-term whilst funding issues were addressed. This recommendation was accepted by the government and implemented in February 2022.

However, as we stated at the time, the underlying cause of these workforce difficulties is the underfunding of the social care sector. We recommended the addition of care workers to the H&CW visa as part of a package of 19 other recommendations. We were clear that immigration could not solve these workforce issues alone. Our main recommendation was to introduce a minimum rate of pay, initially at £1 per hour above the National Living Wage (NLW), for care workers in England where care was being provided by public funds, to help tackle the workforce issues faced by the sector in the medium to longer term. To date, the government has not responded to or implemented any of these other recommendations as part of a social care package.

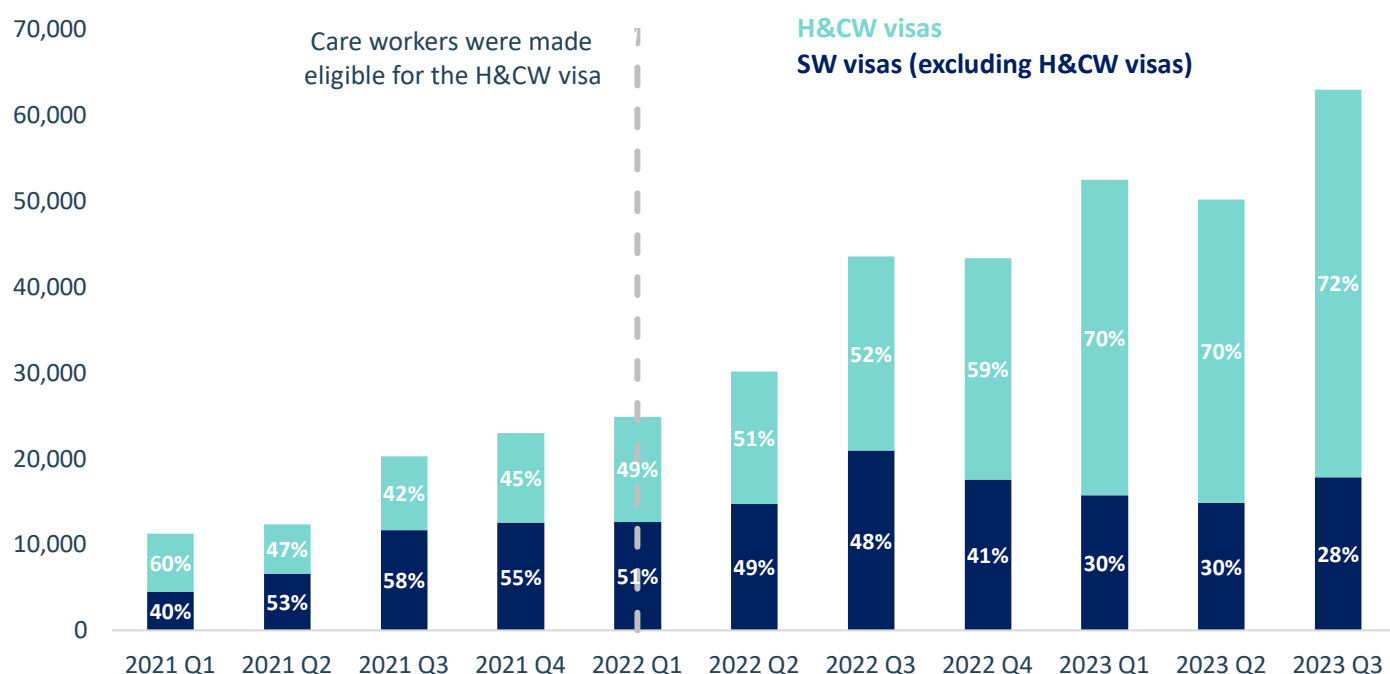
On 4th December 2023, the government announced a package of measures aimed at reducing the number of H&CW visas and the exploitation of migrants on the visa, with a particular focus on care workers. These policies included removing the ability of care workers to bring dependants on the visa and ensuring sponsors of care worker migrants were regulated by the Care Quality Commission (CQC). These policies are due to come into effect in the spring of 2024.

This chapter outlines the increasing reliance on the immigration system by the health and social care sector through the H&CW visa, particularly for care workers, in part but not exclusively due to the government's reluctance to provide adequate funding to tackle the underlying workforce pressures. The chapter goes on to highlight the problems associated with relying on the immigration system, as demonstrated by the growing evidence of exploitation of migrant care workers, before outlining a range of policy options that the government could consider, which include those recently announced by the government.

Use of the immigration system by the health and social care sector

The H&CW visa is part of the SW route. Eligible health and social care occupations on the H&CW visa receive visa fee reductions and fast-track entry compared to other occupations on the SW visa. The H&CW visa has increasingly dominated the SW route particularly since the middle of 2022 (see Figure 2.1).

Figure 2.1: Skilled Worker visas

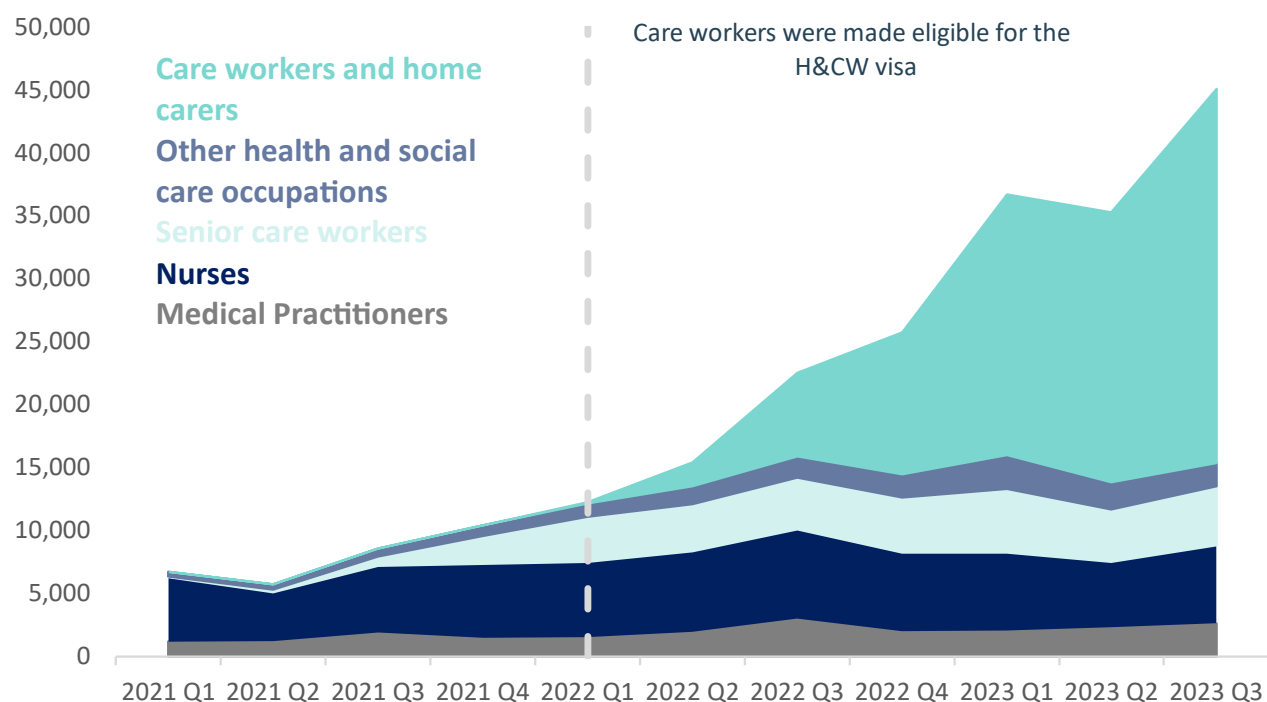


Source: Home Office immigration statistics year ending Sept 2023, issued entry visas.

Note: Data published for the Home Office Immigration System statistics are taken from live operational databases, and as such are subject to revision, in line with the published Home Office revisions and corrections policy. Reasons for scheduled revisions include: late reporting of cases – some cases may be entered onto the system after the time that the data extracts are initially taken; changes to cases – as cases progress, some of the details of the case may be updated; data cleansing – data cleansing exercises may lead to changes to the data on the source system. This may explain why the numbers appear to be levelling out.

This is largely driven by care workers being made eligible for the H&CW visa in February 2022. Since care workers were made eligible to the most recently available data, 91,700 care worker entry visas have been granted. This is on top of the figure for senior care workers, who were made eligible when the SW route was introduced in December 2020. Since that time over 32,800 senior care worker entry visas have been granted (see Figure 2.1). These data show issued visas and it is worth noting that the actual visa entry numbers will be lower if individuals ultimately decide against travelling.

Figure 2.2: Health and social care visas by occupation



Source: Home Office immigration statistics year ending Sept 2023, issued entry visas.

Note: Data published for the Home Office Immigration System statistics are taken from live operational databases, and as such are subject to revision, in line with the published Home Office revisions and corrections policy. Reasons for scheduled revisions include: late reporting of cases – some cases may be entered onto the system after the time that the data extracts are initially taken; changes to cases – as cases progress, some of the details of the case may be updated; data cleansing – data cleansing exercises may lead to changes to the data on the source system. This may explain why the numbers appear to be levelling out.

As [Skills for Care](#) (SfC) has pointed out, this substantial increase in international recruitment compared to previous years has played an important part in the increase in filled posts and reduction in vacancies in the sector seen over the period. SfC reported that the number of vacant posts in the adult social care sector fell by 7% between 2021/22 and 2022/23. The extension of the visa route to care workers has therefore eased the workforce pressures in the sector and surely improved the availability of care received by clients.

There has been concern that large numbers of care worker migrants on the H&CW visa have not entered care work. Based on its comprehensive survey of care providers, SfC estimates that 70,000 migrants arriving in the UK in the financial year 2022/23 entered direct care providing roles. It is not possible to break down this figure by visa route; many migrants will have entered on the H&CW visa while some may have arrived on other visa routes with work rights (e.g. students). Separately Home Office data show approximately 60,000 entry H&CW visas (main applicant) were granted in the same period for direct care providing roles. These estimates are broadly in alignment, but they are not directly comparable as SfC coverage is broader in definition (including dependants and all entry routes). There still may be some misuse of the system, such as migrants receiving care visas but not being given the work they were promised. We stress that, despite being unclear on the exact scale of the issue, reports of abuse of the system in ways like this need to be addressed, as highlighted in the potential policy options at the end of this chapter.

Where do health and care visa holders come from?

Since the inclusion of care workers on the H&CW visa, 99.9% of care workers sponsored through the route have been from non-European Economic Area (EEA) countries. Excluding care workers, 98% of H&CW visas have also been from non-EEA countries over the same period. Table 2.3 shows the top nationalities using the H&CW visa by occupation. Of these countries, Bangladesh, Pakistan, Nigeria, Zimbabwe, and Ghana are on the World Health Organisation (WHO)'s [red list](#) meaning these countries should not be actively targeted when recruiting health and care professionals given their own workforce problems. There have been [reports](#) that this exodus of health and care workers is having a negative impact on the health and social care sector in countries of origin.

Table 2.3: Top nationalities using the H&CW visa by occupation

Rank	Care workers	Senior care workers	Nurses	Doctors
1.	India (26%)	India (42%)	India (42%)	India (20%)
2.	Nigeria (24%)	Nigeria (15%)	Philippines (26%)	Nigeria (15%)
3.	Zimbabwe (17%)	Zimbabwe (15%)	Nigeria (13%)	Pakistan (13%)
4.	Ghana (8%)	Ghana (6%)	Ghana (4%)	Egypt (11%)
5.	Bangladesh (7%)	Philippines (5%)	Zimbabwe (3%)	Malaysia (4%)

Source: Home Office management information, Certificates of Sponsorship (CoS) December 2020 – Jun 2023.

Note: Care workers data is only from when they were eligible for the SW route, not December 2020.

Dependants

The SW route allows migrants to bring dependants with them – but limited to a partner and/or children. Migrants on the H&CW visa bring more dependants on average than those migrants on a SW visa. Between October 2022 to September 2023 (the latest available data point), there have been 173,900 dependants on the H&CW visa. Over this period, the dependant ratio for those on the H&CW visa was 1.21 compared to 0.77 for other occupations on the SW visa (see Table 2.4).

Table 2.4: H&CW dependants

	Jan-21 to Dec-21	Oct-22 to Sep-23
Main applicants on the H&CW visa	31,800	144,000
Dependants on the H&CW visa	31,500	173,900
H&CW visa dependant ratio	0.99	1.21
SW dependant ratio (excluding the H&CW visa)	0.67	0.77
H&CW visas as a share of total SW visas (main applicants only)	47%	68%
H&CW visas as a share of total SW visas (main applicants and dependants)	52%	73%

Source: Home Office immigration statistics Q1 2021 to Q3 2023, entry clearance visas granted.

Note: 1) Jan-21 to Dec-21 is used as the base period as this is the full year before care workers were made eligible for the H&CW visa.

Oct-22 to Sep-23 is used as a comparator as this is the most recent year where data are available. 2) Main applicant and dependant figures are rounded.

Those on the H&CW visa are marginally more likely to bring children compared to those on the SW route. On the H&CW visa, 52% of dependants were children compared to 47% on the SW visa. This equated to 107,000 and 33,000 child dependants respectively since February 2022. Part of this difference is likely to be due to the fact that 65% of migrants on the H&CW visa are female, whilst only 34% are female on the SW route. We do not currently have data that allow us to know whether adult dependants are working in the UK and, if so, their earnings.

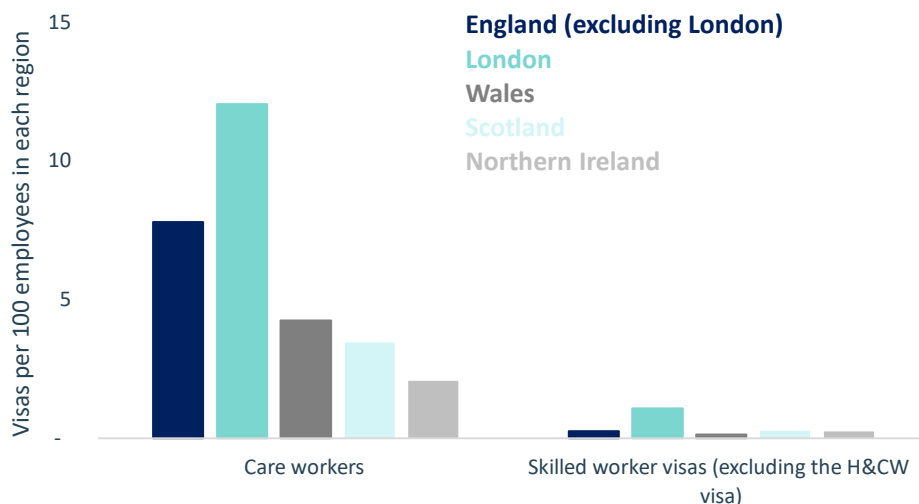
There is a [fiscal cost](#) to the UK of migrants bringing dependent children with them, and local public service provision may not be able to adjust quickly to the increased population (see Net Migration chapter). In 2021, the [Department of Education \(DfE\)](#) estimated that the average annual per pupil spend was £4,679 in primary schools and £5,992 in secondary schools. Therefore, all else equal, a migrant on the H&CW visa bringing dependants to the country is more likely to impose a net fiscal cost compared to a migrant bringing dependants on the SW route. This is even more likely given that the median salary for those on the H&CW visa is approximately £22,800, whilst it is £42,200 on the SW route. This demonstrates an important aspect of policy deliberation. It may seem that using the immigration system to recruit more care workers is almost costless to the government compared to addressing the underlying pay issue, but fiscal costs such as those imposed on the education system are generally ignored in such analysis. However, there is also a clear and substantial public value that the health and social care sector provides through care provision which such fiscal cost calculations cannot capture.

Regional use of the immigration system

Some nations and regions are more reliant on the immigration system than others to fill roles in the health and social care sector. Figure 2.5 highlights the reliance of the care worker occupation on the immigration system when compared to the wider UK labour market and shows that the geographical spread of these visas is uneven. For 2022/23, London accounted for the most, with 12 visas per 100 employees for care workers,

whilst Scotland and Northern Ireland account for the least. Note that the higher reliance on skilled worker visas for London is common across all occupations.

Figure 2.5: Care worker visas and skilled worker visas by region



Source: Home Office management information, Certificates of Sponsorship (CoS) February 2022 – Jun 2023, SFC 2022/23, Scottish Social Services Council 2022, Census 202, ONS workforce Jobs by industry 2022/23.

Note: 1) Used Certificates of Sponsorship (CoS). CoS is assigned to a migrant by their sponsoring employer and the migrant can then use the certificate number to make a visa application 2) Location based on address of employer which may differ from that where the employee is working, for example if recruitment for large companies is carried out in central HQ. 3) Figures include both in-country and out-of-country visa applications. Skills for Care (SfC) employee figures are used for London and England (excluding London). As no breakdown for social care as a % of total health and social care was available for Scotland, the England breakdown has been used as a proxy. Population ratios comparing England to the size of Northern Ireland and Wales are applied to get estimates for total care workers in these nations.

One plausible explanation for why Scotland and Northern Ireland have a lower take-up rate for care worker visas is due to the relative competitiveness of the care worker wage when compared to competing occupations, making the occupation more attractive to domestic workers (see Table 2.6). This is partly a result of deliberate policy. The Scottish Government published a [workforce strategy](#) in 2022 for the health and social care sector and has increased the minimum rate of pay for the adult social care sector in line with the real living wage for the last few years. Also, if Scottish care workers do not already possess a qualification, they must attain the specific qualification in line with their role within 5 years of registration. Wales has a slightly higher take-up rate of care visas than Scotland but similarly, in Wales, the qualification must be attained within 3 years of registration. This policy appears to have been effective at professionalising the sector. No such workforce plan or minimum rate of pay for the adult social care sector exists in England, despite the recommendation in our adult social care review. Despite care worker wages in NI being higher than competing occupations, they are generally lower compared to the more progressive wage policy for care workers in Scotland. Care worker roles in Northern Ireland may therefore be relatively more attractive than competing occupations, not because the rate of care worker pay is high, but because of the relatively lower pay of competing occupations.

Table 2.6: Median hourly pay for care workers by region

	Care Workers	Competing occupations	Care worker premium over competing occupations
Scotland	£12.83	£12.22	£0.61
England (excluding London)	£11.69	£11.50	£0.19
London	£12.00	£12.61	-£0.61
Wales	£11.81	£11.85	-£0.04
Northern Ireland	£11.44	£11.10	£0.35

Source: Annual Survey of Hours and Earnings (ASHE) 2023

Note: Competing occupations are defined as Standard Occupational Classification (SOC) codes that account for more than 3% of observed entrants to or exits from care worker roles over the period of 2016 to 2020 as outlined in the MAC's [adult social care review](#).

Workforce planning

NHS workforce plan in England

As outlined in several of our previous reports, long term workforce planning is key for the health and social care sector to reduce its reliance on the immigration system and address its underlying workforce issues.

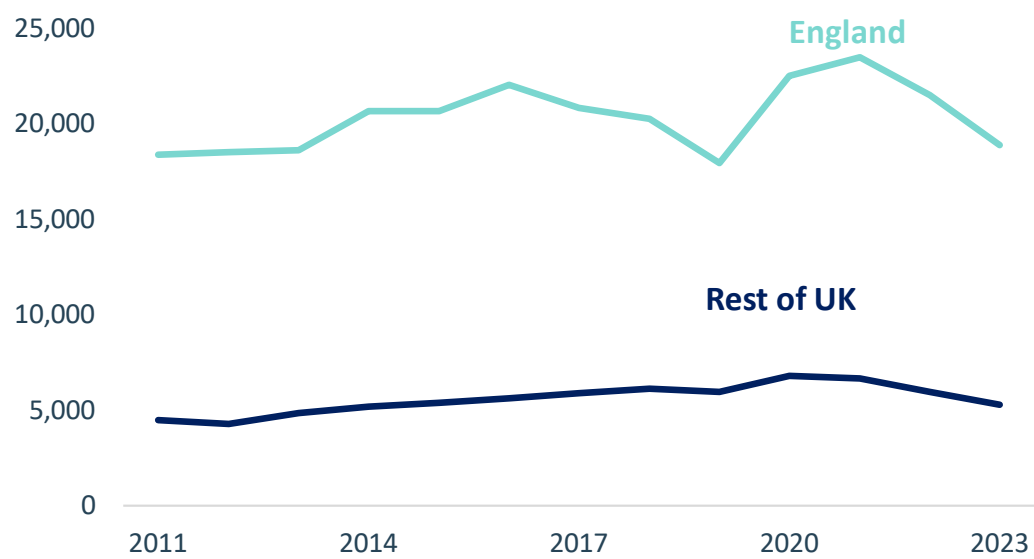
In June 2023, the National Health Service (NHS) published its [long term workforce plan](#) for England, the most detailed long-term NHS workforce plan since the early 2000s. The plan sets out the case for long-term change for the NHS workforce, and outlines plans to address an expected shortfall of between 260,000 and 360,000 staff by 2036/37. We strongly welcome the publication of such a plan as the first step in addressing the workforce problems in the sector.

One of the main aims of the plan is to reduce the NHS's over-reliance on international recruitment. Compared with many other [OECD](#) countries, the UK relies heavily on internationally recruited nurses to fill funded posts. The plan aims to decrease international recruitment from the current 24% of all new joiners across the NHS (excluding dentistry and community pharmacy) to around 10% a year by 2036/37 through improving retention in the sector, enabling innovative ways of working and increasing training.

These aims are ambitious, as they should be. [Academics from the University of Surrey](#) have argued that a previous NHS retention scheme (the Retention Direct Support Programme) is similar to the 2023 workforce plan and so a good guide to the likely effects. They found that if the retention policies of the workforce plan had the same impact as the RDSP then there would be an improvement in retention, but it would fall short of the NHS's target.

To meet the demand for nursing, the largest occupation in the NHS, the plan outlines a need to increase nursing training places by 65–80% by 2030/31. However, the latest university clearance data showed a 12% fall in acceptances for nursing in 2023 compared to 2022 and therefore the sector is already off target on its plan (see Figure 2.7). Numbers have fallen back to near 2019 levels, after the rise in numbers during the COVID-19 pandemic.

Figure 2.7: Accepted university applications for nurses



Source: Universities and Colleges Admissions Service (UCAS) 2019 – 2023.

Most of the proposals and initiatives outlined in the plan will take time to have an effect, and thus will not address the current NHS workforce issues. The [King’s Fund](#) has argued that quicker results could be achieved if there were more focus on retention. Otherwise, the NHS will remain reliant on international recruitment for the foreseeable future.

Approximately 35% of doctors and 20% of nurses are recruited from countries on the WHO red list. As the overall number of international nurses and doctors being recruited has increased over time (see Figure 2.2), this means an increased number of nurses and doctors are being recruited from countries on the red list. The red list is also part of the government’s [code of practice](#) for health and social care recruitment, which states that no active recruitment is permitted from these countries. Advertising to candidates through any medium is one element of active recruitment according to this code. The existence of widespread online vacancy adverts arguably falls under this category, particularly when they become targeted – for example through social media algorithms. As highlighted previously, the labour shortages in health and social care sectors in red list countries are in part due to the workforce crisis caused by health and social care workers leaving their home countries. Government should consider careful planning within the UK to reduce reliance and consequent negative effects on red list countries.

We also estimate – after controlling for age, gender and regional differences – that migrant nurses when first entering the country are paid 18% less than domestic nurses in 2023. As we highlighted previously in our [2019](#)

[SOL review](#), this is possibly due to migrant nurses being paid on the lowest pay band irrespective of their experience. This may be a contributing factor to the NHS's reliance on the immigration system.

Funding is yet to be decided beyond 2025 and will depend on future central government spending reviews. The ability of this workforce plan to address the health sector's workforce needs and move away from a reliance on the immigration system is conditional on future government commitment to the funding of the plan – and to adjusting that funding if the plan appears to be off track. The [Health Foundation](#) argues that many of the productivity gains that are being modelled require investment that has not been accounted for in the workforce plan.

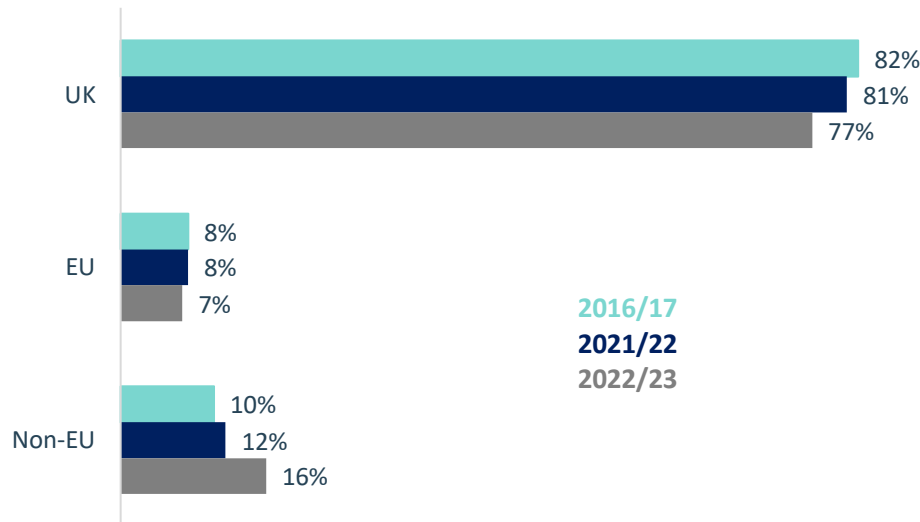
The social care workforce

The NHS plan does not cover the social care workforce. Unlike the health care sector, the social care sector, particularly in England, Wales and Northern Ireland, has no formal workforce plan and therefore no clear strategy to tackle its reliance on the immigration system.

High reliance on the immigration system may create risks for the sector. First, increased demand in other countries for international health and social care workers could affect the sector's ability to recruit in the future. Second, international recruitment potentially masks the underlying recruitment and retention challenges for UK workers, who still make up the majority of the workforce. Third, migrant workers can apply for settlement after 5 years, at which point the risk is that they leave the sector for more attractive options – just as UK workers are doing.

UK nationals made up 77% of the care worker workforce in England 2022/23 (see Figure 2.8). This is a fall in both relative and absolute terms compared to 2021/22. The percentage of European Union (EU) nationals has also reduced in 2022/2023. In comparison, the number of non-EU nationals working as care workers has increased considerably compared to the periods before care workers were made eligible for the H&CW visa. The sector has always relied more on non-EU nationals compared to EU nationals, even before the ending of freedom of movement. Approximately 55% of care worker migrants on the H&CW visa have also come from countries on the WHO's red list.

Figure 2.8: Nationality of care workers in England



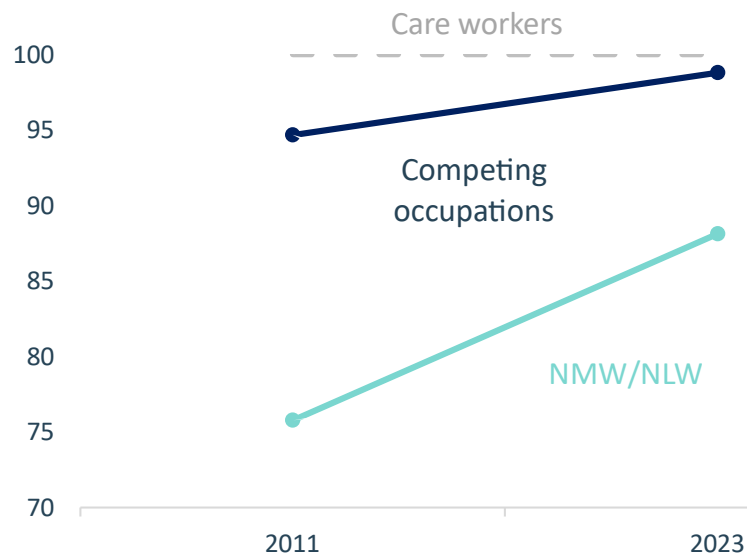
Source: Skills for Care (SfC) workforce estimates 2022/23.

Note: 1) This information refers to the adult social care sector as those filled posts in the local authority sector and the independent sectors in England only. Those working for direct payment recipients and those working in the NHS are not included in these workforce estimates. 2) Percentages may not sum to 100% due to rounding. 3) SfC uses European Union (EU) and non-EU definitions, not European Economic Area (EEA) and non-EEA.

The fall in the absolute number of domestic care workers is likely due to the poor terms and conditions faced by those working in the occupation and its lack of competitiveness against competing occupations, which in turn is chiefly due to the underfunding of the sector. [SfC](#) estimates a decrease of 30,000 UK workers in direct care providing roles in 2022/23. It also estimates a fall of 5,000 workers with EU nationality over the same period highlighting the increasing reliance on non-EU workers. The decrease in numbers will have a long-term impact on care provision in the UK without EEA and non-EEA staff to plug the shortfall.

The wage premium between care workers and competing occupations has narrowed over the last decade, partly driven by the introduction of the NLW in 2016 (Figure 2.9). In 2011, care workers' hourly pay was 5% more than those working in competing occupations at the median; this premium has fallen to 1% in 2023. Similarly, the NLW has risen at a much faster rate than care worker pay. The NLW is now equal to 88% of median hourly care worker pay, whereas the National Minimum Wage (NMW) in 2011 was 76%. This premium is likely to narrow even further given the recent [announcement](#) that the NLW will increase to £11.44 in April 2024, including for 21-22 year olds. The Call for Evidence (CfE) for our 2022 adult social care review highlighted that employers wanted to pay employees more but were constrained by the lack of public funding, which determined the price that care providers received from local authorities.

Figure 2.9: Relative Care Worker Pay



Source: ASHE 2011 and ASHE 2023.

Note: Competing occupations are the same as those used in the adult social care review but have been updated to SOC2020.

Competing occupations have been reweighted to reflect the age and gender distribution of care workers. NMW for adults was £5.93 per hour until October 2011 when it rose to £6.08.

On top of this, there is limited pay progression for care workers. As [SfC](#) highlights, care workers with 5 or more years' experience were, on average, earning around 6p more per hour than care workers with less than one year's experience. This has dropped from 33p per hour in March 2016.

Low pay rates with little pay progression, and poor terms and conditions contribute to the high turnover rates seen in the sector. [SfC](#) estimated turnover to be 28% in 2022/23 for the adult social care sector, with a rate of 36% for care workers. Many of those who leave remain within the sector, as 59% of recruitment comes from within adult social care, and 41% comes from outside of the sector. However, this is still high. For comparison, registered nurses and health visitors in the NHS had a turnover rate of 10% as at March 2023. Some care providers highlighted that workers may move on to the NHS as it tended to offer better pay and terms and conditions. Whilst such labour mobility is clearly beneficial to workers, it also puts the health sector in direct competition with the adult social care sector.

Turnover rates differ between international and domestic workers. For the adult social care sector, the turnover rate for internationally recruited workers was 17% whilst it was 31% for domestically recruited workers. Use of the H&CW visa may also impact the turnover rate for international recruits, given that care workers require sponsorship by a care provider for the duration of their visa, and are therefore tied into a role unless they can find another sponsor. Some care providers highlighted that migrants may be better qualified than their domestic counterparts, and so some care establishments prefer to recruit migrants.

Failure to address workforce challenges leads to a significant knock-on effect for the entire health and care system and the people who rely on social care services, contributing to delayed discharges, increased waiting times for treatment, and greater pressure on emergency and acute services. Without a workforce plan for the

social care sector (which currently has [152,000 vacancies](#) in England), there is a real risk that the ambitions set out in the long term workforce plan for the NHS, such as reducing reliance on the immigration system, will not be achievable.

Exploitation of migrants in the social care sector

Underfunding and consequential low pay contributes to the exploitation of workers in the social care sector. Migrants in the sector on the H&CW visa are even more susceptible to exploitation as their right to reside in the UK is directly linked to their employer, creating a power imbalance.

The [Director for Labour Market Enforcement](#) (DLME) in 2021/22 and 2022/23 assessed the care sector as high risk, highlighting cases where vulnerable workers were being exploited, occurrences of modern slavery, and individuals being paid below the NLW. Evidence provided to us by UK Visa and Immigration (UKVI) and stakeholders supports DLME's assessment of the adult social care sector. Below are several examples of the types of exploitation reported as well as some other issues highlighted.

1. Potential modern slavery and human trafficking

UKVI reported several cases of potential modern slavery, an offence carrying a jail sentence, particularly relating to dependants of migrants on the H&CW visa. This is particularly concerning given the high number of dependants arriving on the H&CW visa as documented above. There were also examples of both adult and child dependants being included in applications where further investigations indicated that the relationship with the main applicant had been falsified, which could signal human trafficking.

Whilst the data are only currently available for 2022, in this period 31 applicants under the H&CW visa route were accepted into the National Referral Mechanism (NRM) for alleged victims of modern slavery.

[Unseen UK](#) indicated that there were over 700 potential cases of modern slavery in the care sector in 2022 (though they use a less stringent definition compared to the Modern Slavery Act). This accounted for 18% of all potential victims raised through its helpline.

2. Bonded labour

UKVI have seen numerous examples of bonded labour linked to the adult social care sector. From May to July 2023, there were 25 cases where a caseworker found information within an employment contract or other information that indicated that prohibited costs would be deducted from the migrant's salary. For example, some sponsors were explicitly charging the applicant the Immigration Skills Charge (ISC) despite this being in contravention of the sponsorship guidance.

One individual had paid £8,000 directly to the sponsor for rent upfront and another had paid £21,000 to their sponsor for the visa. There have been other cases where migrants have had to spend large sums of money, sometimes in excess of £25,000, to 'agents' who forge documentation so they can obtain a H&CW visa. Some of these migrants were then given children to traffic into the UK. Similar cases like this have been highlighted by [Unison](#). Significant debt owed either in the UK or overseas may generate entrapment and exploitation.

3. Pay and working hours

There was also evidence of zero hours contracts, unpaid hours and individuals not being paid at all. Health and safety issues and working conditions are also concerns. Zero hours contracts are not allowed on the visa route because individuals must be guaranteed an annual salary above the relevant legally set thresholds. One person had not received a salary in 6 months at the time UKVI received this information in June 2023. Their sponsor had sponsored 263 applicants.

4. Accommodation

Other issues raised included concerns over housing for migrants in the sector, with one example of 39 applicants supposedly residing in a 5-bedroom property according to their paperwork. There were also several other reports of accommodation being substandard when it was provided.

5. Fraudulent applications and care providers

There were several instances of fraudulent applications. Border Force queried the documentation of a migrant who was sponsored by one care provider, who had had 498 visas granted since May 2022. CQC confirmed that this care provider had been dormant since September 2021 and was no longer providing any services. Another migrant had provided false employment letters for his work in a hospital in their home country. When the sponsor was checked, it was found to be dormant on Companies House despite having sponsored over 40 care worker visas in a short period. There were several other examples of this. One large care provider also highlighted to us that several individuals are advertising certificates of sponsorship for sale over social media.

6. Non-care related sponsors and sponsors revoked

Alongside this, there has been recent growth in the number of organisations sponsoring care workers that appear unrelated to the care sector and enquiries from licenced sponsors in other sectors to branch out into the care sector.

UKVI stated that 5 sponsor licences in the care sector had been revoked in May 2023, who between them had made over 1,100 main applicant visa applications. The reasons for revoking these licences included evidence of costs being incorrectly deducted from migrants' salaries, sponsors acting as recruitment agents, and submitting forged documents. UKVI also reports that 85 sponsors are awaiting further action or are suspended, and 600 are flagged for further investigation.

The available evidence covers cases in which exploitation or misuse of the care visa have been identified, rather than those where it continues undetected. Assessing the total scale of the compliance problems in the care worker route is a challenge, although the number of cases that have been detected suggests that misuse is a significant problem and greater than in other immigration routes and occupations. It should also be noted that lower levels of exploitation relative to England have been noticed in Scotland. As Care England highlighted, this may be in part due to the better pay and professionalisation of the workforce in Scotland compared to England.

Potential policy options for care worker visas

We do not have a view on the appropriate number of care worker visas that should be issued, as this should be considered as part of a wider workforce strategy for the care sector. Since care workers have been added

to the SOL, stakeholders and data have pointed to a significant easing of vacancies and a positive impact on the provision of care. However, the government has ignored our other recommendations including on pay and terms and conditions. We are extremely concerned about the exploitation of migrants and the abuse of the immigration system outlined in this chapter. As we have stated several times previously, the underlying cause of the workforce difficulties is the underfunding of the social care sector leading to low pay and difficult working conditions. This has contributed to an increased reliance on the immigration system and the associated exploitation of migrants. We urge the government to take immediate action to address these issues and implement the package of recommendations we made in our adult social care review.

Given the reluctance of the government to address the underfunding of the sector, we have also outlined a non-exhaustive list of potential policy options for consideration. This list includes the policies outlined by the government on 4th December 2023. These are not recommendations, but rather designed to illustrate the types of policy measures that the Home Office could consider and fully evaluate before implementing. The policy options we outline mainly address the exploitation we have identified. However, some will also have a fiscal or net migration impact that government should consider. Any of these options would require further robust appraisal of the costs and benefits and we encourage the Home Office to publish impact assessments on the policies recently announced by the government. This should include a full assessment of the impacts on resident workers, migrant care workers, care providers and those receiving care. As set out in our [review of the adult social care sector](#), we continue to urge the Home Office, Department of Health and Social Care (DHSC), the Devolved Administrations, Local Authorities and the care sector to work together to develop solutions.

These options fit under three broad categories:

1. Making fewer migrants eligible for the care route.

These policies are likely to restrict numbers to varying degrees.

Removing non-senior care workers is the most restrictive of these options. In theory, this should cut the number of migrants using the care route and hence reduce exploitation. However, since employers self-select the occupation when applying for a Certificate of Sponsorship, they may simply hire care workers as senior care workers instead (given that the salary requirement is the same) – meaning this option may have limited impact in practice. UKVI currently considers the ratio of care workers to senior care workers when making application decisions. This option could have a large negative impact on the sector and increase vacancy levels and reduce the availability of care.

The government could also **require workers to demonstrate prior experience in social care in their home country**. While this option is appealing in theory it would be difficult to enforce in practice and may be open to falsification.

Only allowing switching for those already in the UK may reduce the risk of people paying large recruitment fees while they are being recruited from overseas. This measure would reduce the pool of migrants available

to care providers. However, it could also have unintended consequences, such as using the student route as a path to access the care route.

The government could also make the **route temporary and remove the path towards settlement**. This may have a positive fiscal impact if dependants (specifically, children) are restricted completely as they are on some other temporary routes. However, this option has significant drawbacks. A temporary route is more likely to increase than reduce risks of exploitation, by preventing integration and reducing the time horizon for workers to pay back debts incurred to get to the UK. Depending on the duration of the visa, making the route temporary may reduce the quality of care workers are able to provide, by reducing retention of foreign workers who have familiarised themselves with UK care work. It would also impose costs on employers due to the need for retraining. It is unclear what impact this could have on migrant numbers.

The government recently announced that they would **restrict dependants completely for care workers**. Restricting dependants for care workers completely or for a short time period (e.g., 1 year) may lead to lower levels of exploitation of dependants themselves, given the cases of misuse of the dependant element of the route that have been reported. This would also reduce the net fiscal cost given that those on the H&CW visa brought more dependent children compared to others on the SW route. However, it is likely to disproportionately affect women, lead to migrants being more isolated and therefore potentially susceptible to exploitation, and lead to long separation of families.

2. Improving oversight by regulatory bodies.

The government also announced that sponsors of migrant care workers will have to be CQC-regulated. We agree that CQC-regulation may help filter out some illegitimate care establishments but there are a number of enforcement bodies that regulate or register different aspects of the social care sector. UKVI is responsible for compliance with the immigration rules, the Gangmasters and Labour Abuse Authority (GLAA) focuses on exploitation and modern slavery, the Care Quality Commission (CQC) focuses on patient care and local authorities provide regulation as well as being both a direct employer and contracting with care providers. HMRC and the Employment Agency Standards Inspectorate are also involved more broadly. CQC inspections are generally on a risk basis and, although agencies share intelligence, greater join-up and clearer roles and responsibilities could be valuable to ensure proper enforcement. There may be resource constraints and without an increase to funding, greater enforcement in social care may mean a trade-off for other sectors that government would need to consider. **Stronger joint enforcement and triangulation of all relevant agencies with a central body** that is accountable would help achieve better decisions on which the legitimate care establishments are and identify and tackle exploitation. **Requiring an establishment to be CQC registered for at least 24 months**, and not being dormant within those 24 months as a condition of the sponsorship licence would likely limit exploitation but may prevent some genuine newer businesses from accessing the immigration system in the short term. [DLME](#) made a similar recommendation (recommendation 8) more broadly across the labour market in their 2023/24 strategy.

Another option is similar to the Seasonal Workers Visa where **scheme operators source migrants and then allocate them to care providers**. This may increase accountability by ensuring that recruitment streams have UK-based oversight, particularly if operators are incentivised to ensure enforcement. This policy option is likely to take the longest to implement and would require careful handling to procure the right operators and decide an enforcement strategy. It would also be necessary to ensure that workers had clear and reliable mechanisms to switch between jobs if they need to.

3. Supporting migrants who experience exploitation.

Whilst options such as restricting the care route may help to reduce the number of migrants coming in and so reduce the scale of exploitation, it does nothing to tackle the power imbalance between employers and migrants who may already be experiencing exploitation. Government could consider greater support for migrants when they enter employment and when experiencing exploitation in the UK. **Greater support could be provided to migrants to ensure they clearly understand their rights** through Local Authorities or other agencies. This could include advice before and during experiencing exploitation and pointing to external support such as the [Modern Slavery Helpline](#). It may, however, be difficult to reach migrants in the care sector. One of the most pressing challenges is to help migrant care workers switch employers if their employer is not compliant. Government could consider improving job mobility, such as **creating a portal specifically for the care sector where vacancies that would allow migrants to switch employer are posted**.

Conclusion

The H&CW visa helps alleviate some of the workforce problems that the health and social care sector faces, at least in the short-term. However, the health and social care sector now accounts for 63% of all entry SW visas granted. Over-reliance on the immigration system can mask underlying recruitment and retention issues of domestic workers who make up the majority of the workforce. On top of this, approximately 45% of migrants on the H&CW visa over the last year have come from countries on the WHO's red list, which states there should be no active recruitment from these countries. This list is also part of the government's [code of practice](#). We are concerned about this trend which could lead to increased shortages of healthcare staff in lower income countries.

The NHS has set out a long-term workforce plan for England to address this for the health sector, which we welcome. However, the decline in the number of accepted university applications for nurses in the first year of the plan, and analysis by industry experts, has put into doubt how easy it will be to meet their long-term objectives. Large inflows of migrants in care occupations have filled vacancies in the care sector, helping to alleviate some of the shortages and provide critical care. However, we are deeply concerned about reports of widespread exploitation. Not only is this concerning for care workers and care worker migrants, but it would also likely have a knock-on effect to the quality of care received. There are long-term economic and fiscal consequences of large inflows with people on relatively low wages, some of whom have large numbers of dependants. By only implementing a short-term solution, the government is enabling long-term problems to grow.

It is disappointing that the government has not provided a response to all of the MAC's recommendations in the [2022 Adult Social Care Review](#). We suggested the addition of care workers to the H&CW visa and SOL as a short-term measure, whilst the underlying issues were addressed through proper funding. We also recommended this policy as part of a package of 19 recommendations. We continue to urge the government to act to tackle the underlying workforce issues through proper funding and set out a long-term workforce plan for care, as it has done for the NHS workforce. Evidence suggests that the better approach to pay and professionalisation of social care in Scotland has likely led to lower levels of exploitation and less need to rely on the new visa route.

Chapter 3: International Students

The MAC conducted an [in-depth review](#) of the student visa route in 2018. Our main conclusion was that international students offered positive economic benefits, including cross subsidising the education of domestic students and research. The UK economy needs a vibrant higher education sector, and it is impossible to imagine that without significant and strong recruitment of international students. International students bring important diversity to the classroom in terms of opinion and lived experience, enriching the environment within which UK students learn.

Since that report, there has been a large rise in the number of student visas issued. The total number of visas issued in 2019 was 404,400, growing to 623,700 in 2022. The rise in student visa numbers is the largest single factor accounting for the rise in net migration over this period. There are 3 key drivers. First, the government has a clear policy in place to raise the number of international students. Second, the continued freezing of UK student fees has resulted in further financial pressure on the higher education sector which can be alleviated to an extent by the uncapped fees paid by international students. Third, the introduction of the graduate route in 2019 has increased the attractiveness of study in the UK because of the work rights it grants post-study. We document the changes in the use of the student visa over the last few years and highlight the very substantial shifts in where students are coming from and where and what they are studying.

In response to the large increase in student visas and in particular the rise in student dependants, the government have recently amended the Immigration Rules to prevent students on taught Master's degrees from bringing dependants to the UK. International students will also no longer be allowed to switch from the student visa into work routes until their studies have been completed. These [changes](#) come into effect in January 2024 and so could not have impacted the [recent net migration figures](#) which cover the period to June 2023. We provide some context to that decision and discuss the issues that might arise as a result. We provided some illustrative projections of how this change might affect net migration in Chapter 1.

Finally, we review the graduate route. In our 2018 report we recommended against such a route and in this report, we assess the preliminary evidence on both the impact the route may be having on student visas and the type of students who are most likely to use the route. We suggest that this preliminary evidence points to a very different set of students accessing the route than might have been expected based on student patterns in 2019 when the route was announced. This highlights the potentially large behavioural changes that can occur when new policies are introduced (as we discussed in the previous chapter on social care) and suggests that some of the original motivation that the government had for the introduction of the route is unlikely to be met.

The Growth in International Students

In 2019, the government published its [International Education Strategy \(IES\)](#), establishing a target to increase the number of international higher education (HE) students hosted in the UK to at least 600,000 by 2030. At the time there were roughly 470,000 students and, according to the Higher Education Statistics Agency (HESA), this target was met in early 2020/21, with 605,000 non-UK students at Higher Education Institutions (HEIs). This has increased further since then, with growth driven by a small cohort of countries, notably India

and Nigeria. Non-UK students accounted for almost 30% of first-year enrolments in tertiary education last year, up from 25% before the policy announcement in 2018/19.

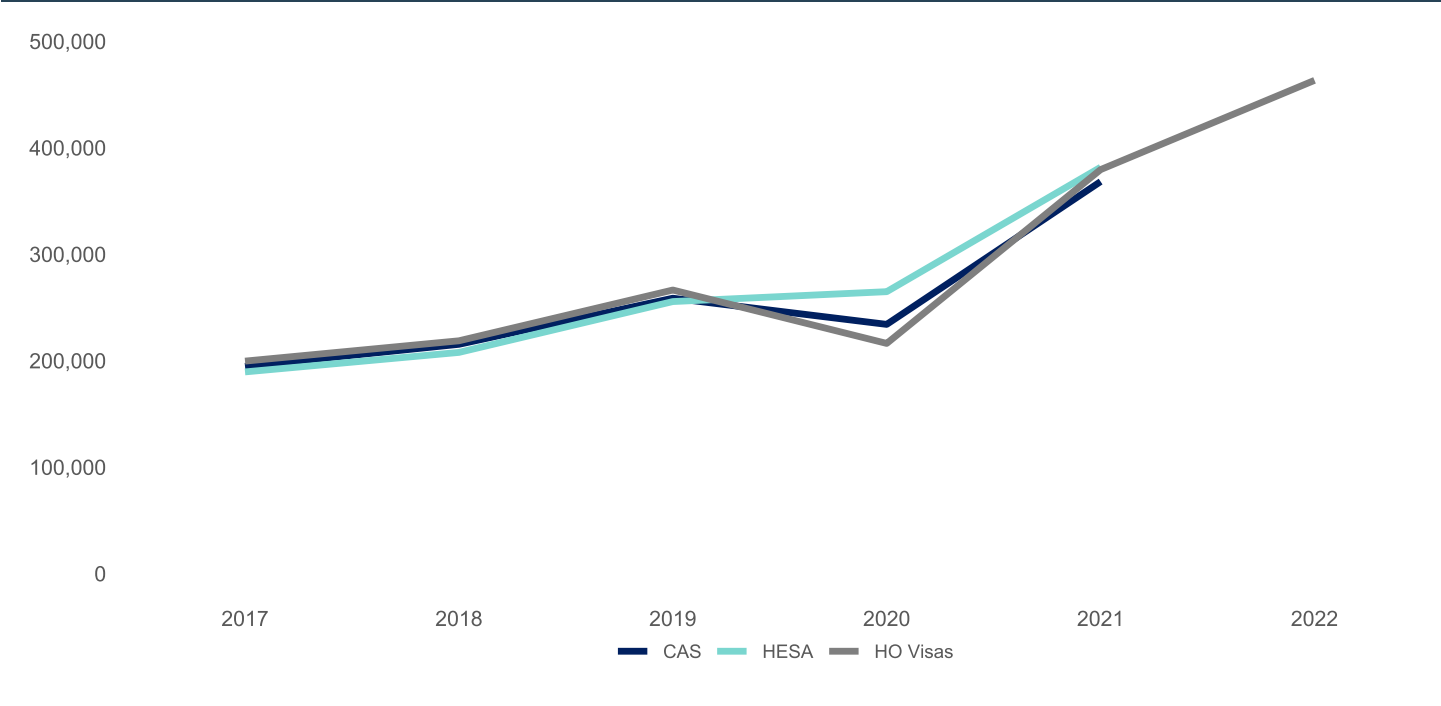
In a global context the UK is a major market for international students. HEIs in the UK accounted for 9% of all international students in 2020, behind only the US for market share. The UK’s market share had been steadily declining since 2006 having been briefly overtaken by Australia as the second most popular destination for international students in 2019.

As outlined in our 2018 report, international students undoubtedly offer an economic benefit to the UK, both in contributions to local economies and subsidising study for domestic students and research, as well as enriching the university communities in which they study. The MAC expects the continued achievement of this international student target to deliver further positive economic benefits for the UK.

From January 2021 following the end of freedom of movement, European Union (EU) students have also required a sponsored study visa, as was the case already for non-EU students. They are now subject to international student fees and are no longer eligible for student finance. As a result, they are defined as international students from 2021 in this chapter. Although this reclassification will somewhat increase the number of international students reported from 2021, total EU student numbers on first degrees dropped over 50% between 2020/21 and 2021/22, from over 65,000 to just over 30,000.

Home Office data and HESA data display similar trends, as shown in Figure 3.1 and so will be used interchangeably throughout the chapter.

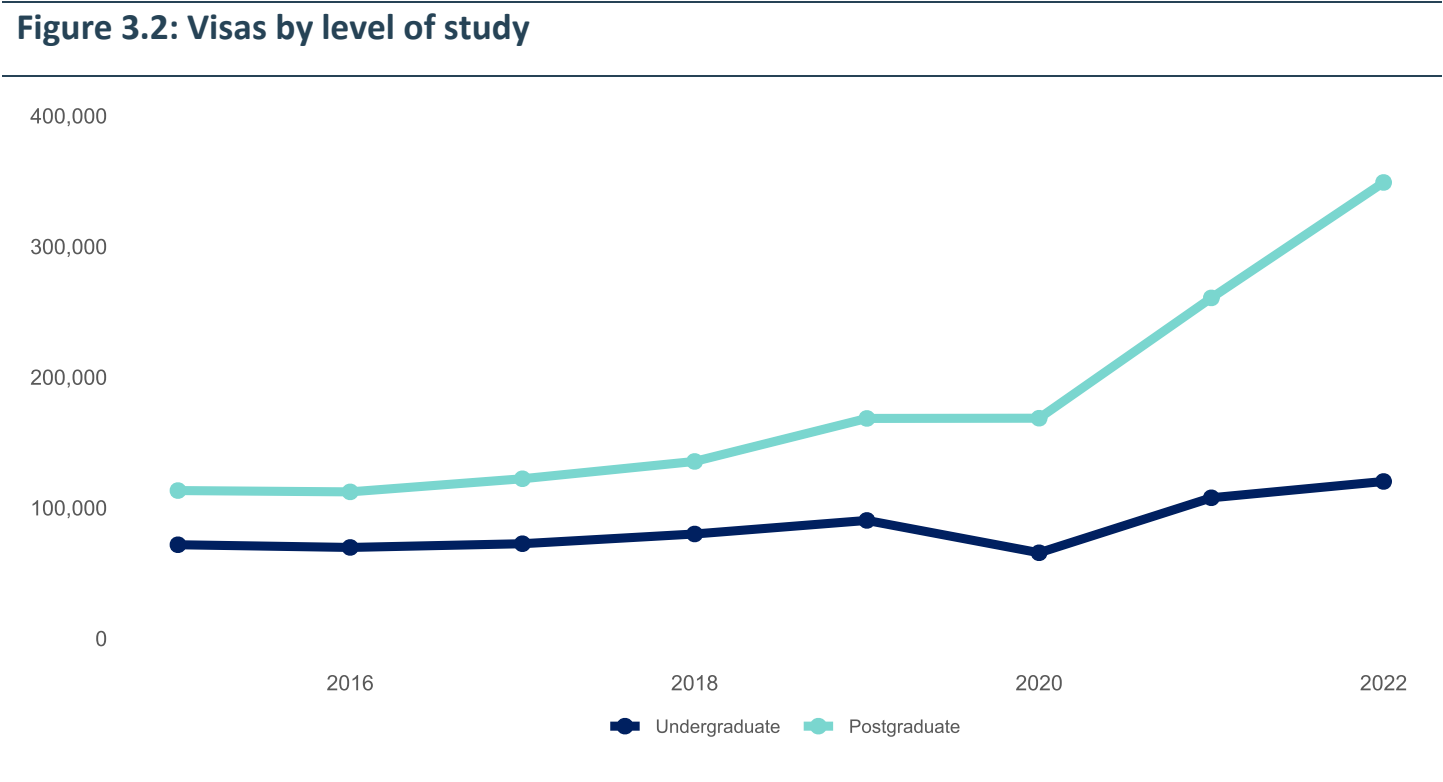
Figure 3.1: International HE students studying in the UK



Source: Home Office Management Information (Confirmation of Acceptance of Study (CAS)) 2017-2022, HESA 2017-2022, Home Office Immigration Statistics 2017-2022.
Note: 1. Used Confirmation of Acceptance of Studies. 2. HESA based on non-EU until 2020, and all non-UK in 2021.
3. HESA data is reported for the respective academic year (Sep-Aug). Home Office Management Information and Immigration Statistics are reported against the respective academic year on a 5-month lag (Apr-Mar). This is due to policy on issuance of CAS up to 6 months before commencing studies, and reporting timelines on a quarterly basis.

The number of international students studying in the UK has been increasing over time, with the rate of growth rising sharply since 2020. In 2019, there were 404,400 international student visas issued, by 2022, this had increased to 623,700. International students make up a significant proportion of immigration into the UK compared to other visa routes as shown in Chapter 1.

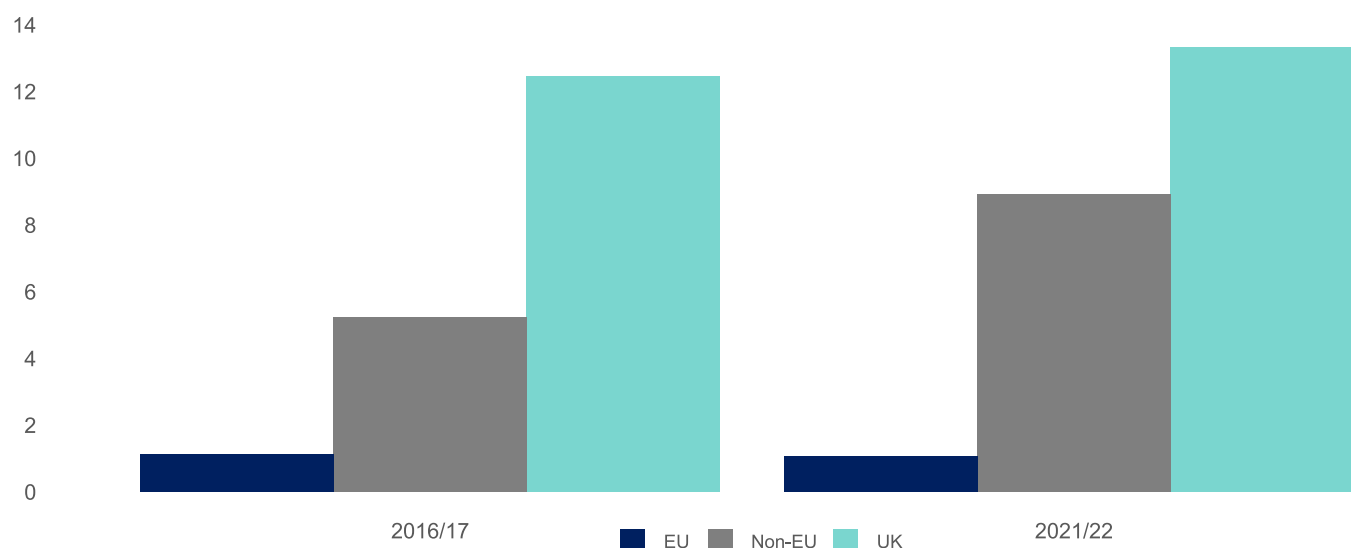
Figure 3.2 illustrates the change over time by level of study. Growth in international students at undergraduate level has been around 10% annually. The majority of growth since 2019/20 has been in postgraduate study, which accounted for 74% of all international students in 2022/23 compared to 65% in 2019/20. The gender split across both levels of study is approximately equal. Despite the growth in international students the total number of UK students studying undergraduate and postgraduate courses has also risen slightly since 2018/19.



Source: Home Office Management Information 2015-2023.
Note: Used Confirmation of Acceptance of Studies (CAS).

This rise over recent years has increased the reliance on international tuition fees (Figure 3.3) for HEIs. [The Office for Students \(OfS\)](#) estimated that the average loss to a university of educating a full time UK-domiciled student was between £1,000 and £2,500 in 2019/20, while the [Russell Group](#) estimated that this could rise to around £4,000 by 2024/25. Conversely, non-publicly funded teaching - largely international students - saw a surplus of just over £3 billion, over £4,000 per non-UK student. This surplus from teaching international students helps to offset the near £5 billion [research deficit](#).

Figure 3.3: Tuition fee income (£bn) by domicile 2016/17 and 2021/22 (constant prices)



Source: HESA 2016 – 2022.

Where do international students come from?

Table 3.4 shows the most common nationalities of international students entering HE in the UK in 2022/23. China and India together accounted for over 50% of all international students, while EU students accounted for only 4% of all study visas. In total, 53 different countries had over 500 students studying in the country, highlighting the UK's global reputation as a world class higher education provider.

Table 3.4: Top 10 nationalities of student migrants 2022

Nationality	International students	Share (%)
India	139,700	30
China	108,200	23
Nigeria	58,100	12
Pakistan	27,400	6
US	14,200	3
Bangladesh	12,300	3
Malaysia	6,800	1
Sri Lanka	5,800	1
Nepal	5,300	1
Ghana	4,700	1

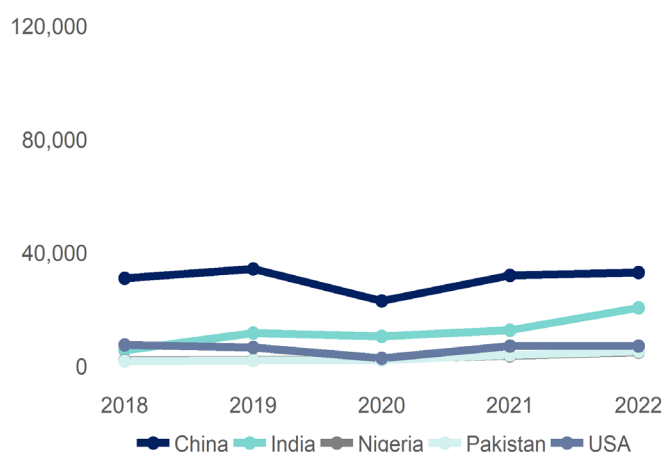
Source: Home Office Management Information 2022.

Figures 3.5 and 3.6 illustrate recent trends in international student numbers from the most common nationalities. The largest absolute increase can be seen in postgraduate students from India, rising by over 100,000 students between 2018/19 and 2022/23, and overtaking China as the most common overseas country for postgraduate students. India has also seen the largest absolute increase in undergraduate students, with

growth of 15,000 students over the same time period. Other notable increases can be seen in postgraduate students from Nigeria and Pakistan, both of which have seen smaller increases in undergraduate study as well. India and Nigeria were both identified in the IES as key growth markets, with active and direct efforts to promote UK education exports in both countries, while Pakistan is considered a key market by Study UK. The post-pandemic influx of students from Nigeria may also be linked to [political and economic issues](#) within the country.

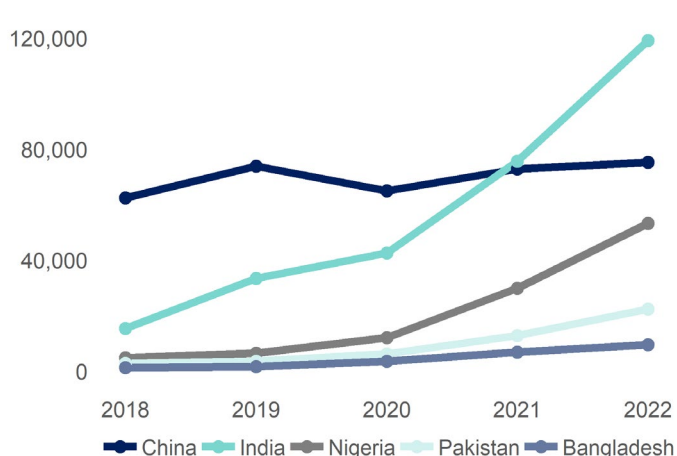
While the number of Chinese students has increased slightly across both levels of study since 2018/19, their share of all international students has decreased from its peak in 2018, as growth from other countries has been more rapid recently. The number of international students from the US is down on 2018/19 numbers across both undergraduate and postgraduate study, and it no longer features in the top 5 most common nationalities for postgraduate study.

Figure 3.5: Undergraduate study visas by nationality



Source: Home Office Management Information 2015-2023.

Figure 3.6: Postgraduate study visas by nationality



Source: Home Office Management Information 2015-2023.

What courses do international students study?

At both the undergraduate and postgraduate level, international students are more likely to study business & management, computing, engineering and technology and mathematical sciences compared to UK students, and are less likely to study social sciences, psychology, biological and sport sciences and medicine. The 2020-21 [Longitudinal Educational Outcomes \(LEO\) study](#) shows business & management, engineering & technology and computing ranked in the top 6 for median earnings 5 years after postgraduate study for UK-domiciled students (subject level breakdowns are not available for international students), suggesting that subject choice is perhaps more focused on earnings potential for international students.

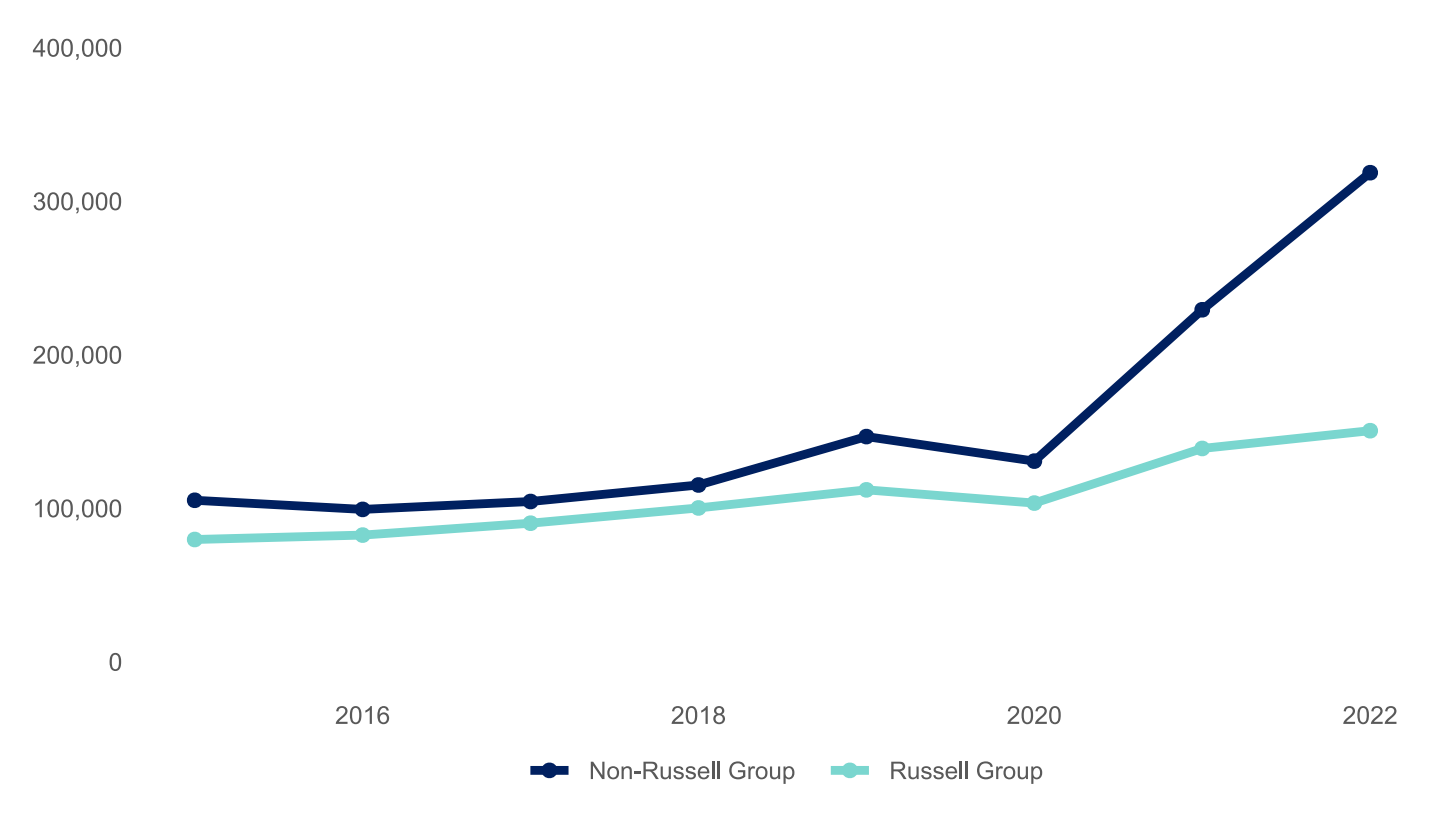
Master's students accounted for 95% of all international postgraduate study in 2022/23, more than doubling in total number since 2018. The majority of overseas postgraduate study is on courses shorter than 18 months, accounting for 83% of all postgraduate courses in 2022/23. These are predominantly 1-year Master's courses and have seen an increase coinciding with the introduction of the post-study graduate route, which will be explored in detail later in the chapter. There has also been a notable increase in 2-year postgraduate

courses - predominantly Master’s courses with work placements - with almost 40,000 extra international students in 2022/23, compared to 2015/16, though these are increasing at a slower rate than 1-year courses in recent years.

Where do international students study?

Figure 3.7 illustrates the type of HEI international students have attended over time. Since 2020 there has been a notable increase in the proportion of international students attending non-Russell Group universities. This divergence away from previous trends has almost exclusively been seen in postgraduate study and predominantly on 1-year taught Master’s programmes.

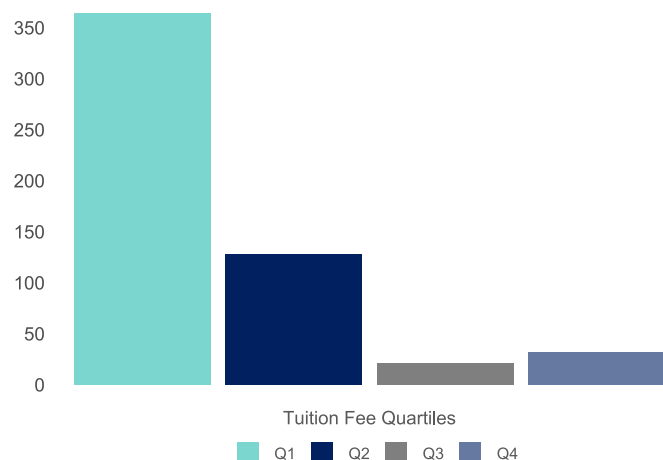
Figure 3.7: International students by type of institution



Source: Home Office Management Information 2015-2023.

Figure 3.8 highlights that since our last report on international students in 2018, the growth of international students studying taught postgraduate degrees has predominantly been in institutions that charge the lowest fees (bottom quartile of the fee distribution). This lowest-fee quartile accounted for 13% of international postgraduate students in 2018/19, compared to 32% in 2021/22. The number of international students studying at the most expensive institutions (top quartile of the fee distribution) has declined from 48% in 2018/19 to 35% in 2021/22. Between 2016/17 and 2018/19 the proportions of students in the first and fourth fee quartiles remained relatively stable around 48% and 12% respectively.

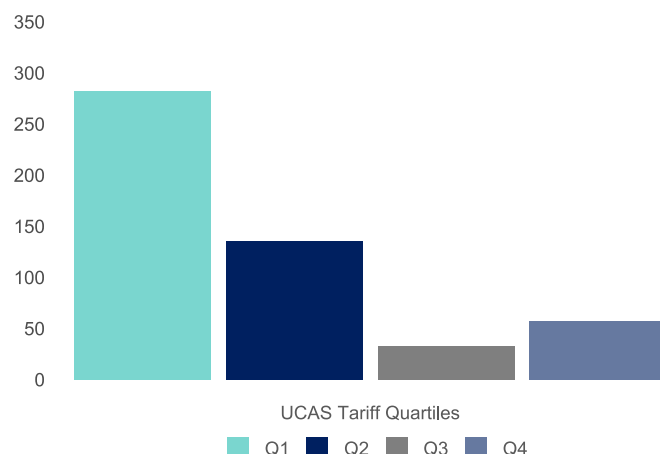
Figure 3.8: Percentage increase in international postgraduate students by tuition fee quartiles, 2018-2022



Source: HESA 2021/22.

Note: 1. Uses HESA student numbers and fee data 2. Excludes fees under £5,000 per annum 3. Average fee for each university is calculated by taking total fees for international postgraduate students for that university divided by student number 4. Quartiles are calculated based on the average fee for each university 5. Figure shows the total student numbers by fee quartile in each year.

Figure 3.9: Percentage increase in international postgraduate students by UCAS tariff quartiles, 2018-2022



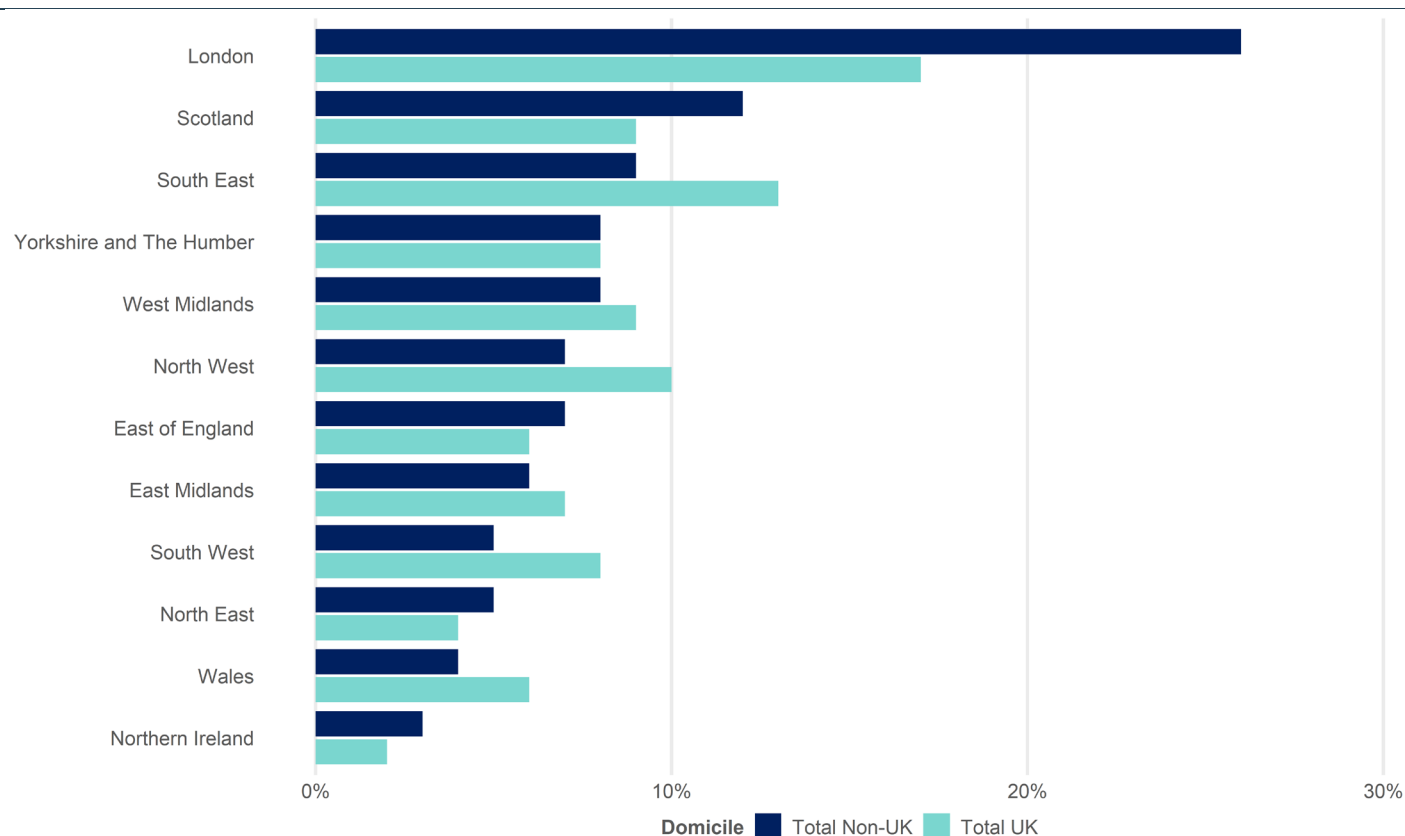
Source: HESA 2021/22, Guardian University Guide 2021.

Note: 1. Average UCAS tariffs are for young entrants typically under 21 to the institution, typically for undergraduate degrees. 2. See. The benefits and costs of international higher education students to the UK economy, [16 May 2023](#).

Similarly, growth in international postgraduate students has been strongest at the less selective universities. We can proxy the admissions selectivity of a university by using the average UCAS tariff points required for entry. Higher tariffs mean higher grades are required for the course. We assume here that selectivity at the undergraduate level is a reasonable proxy for selectivity at the postgraduate level. Figure 3.9 shows that since 2018/19 there has been much faster growth of international students studying taught postgraduate courses in institutions with lower average UCAS tariffs.

Figure 3.10 highlights the high proportion of international students attending HEIs in London and, to a lesser extent, Scotland. International students are least likely to attend institutions in Wales and Northern Ireland. The majority of these proportions are in-line with that of domestic students, although international students are more likely to attend a HEI in London, and less likely to attend an institution in the South-East.

Figure 3.10: Distribution of students by country of domicile and location of HEI



Source: HESA 2021/22.

HESA data does not distinguish between university campuses. For example, a university based in the North-East may have a London campus with a high proportion of international students, but those students will only appear in the data in the North East. Of the ten HEIs that had the highest increase in international student numbers studying taught postgraduate degrees between 2018/19 and 2021/22 academic years (excluding London based universities), 6 had an existing London campus and 1 had plans to open a London campus. Therefore Figure 3.10 may understate the concentration of international students based in London.

What is the impact of international students on the local area?

There have recently been concerns reported in the media suggesting that international student migration to the UK may be “crowding out” UK students from accessing higher education and impacting the housing market.

A crucial part of this discussion is the impact of international students on the housing market, due to their demand for rental accommodation, at a time when student accommodation is becoming increasingly costly. In 2023/24 the [annual student accommodation report](#), estimated that rental price growth has been 8% and growth in the number of available beds has slowed to just 1%, for the last 2 years, compared to 5% in 2016/17.

International students are likely to put some upward pressure on student housing rents. The [MAC 2018 report](#) found that international students are more likely to live in both rented accommodation and halls compared to

UK students, partly because UK students unsurprisingly live in their parents' home at a much higher rate. In 2018, 27% of UK students lived at home compared to 2% of international students. We discuss in Chapter 1 the evidence that points to the upward pressure that migration can place on house prices. Table 3.11 shows that since 2018/19 the increase in international student numbers at some institutions has been significant.

Table 3.11: Top 10 universities by increase in international student numbers 2018/19-2021/22

University	Increase in student numbers	Percentage increase	Percentage of international students at the institution in 2018/19
University of Hertfordshire	8,800	246	20
The University of Glasgow	7,300	78	35
The University of Greenwich	6,100	172	25
Ulster University	5,400	403	8
University College London	4,900	27	53
The University of East London	4,800	283	15
King's College London	4,600	39	44
Teesside University	4,400	322	12
University of the West of England, Bristol	4,100	117	16
The University of Edinburgh	3,900	31	41

Source: HESA.

Even with a very responsive housing sector, there is likely to be an adjustment period required to build housing to meet additional demand. Therefore, large increases in the student population in a local area over a short period of time could contribute to rising rental prices and housing shortages in the short term. This problem would be exacerbated if there was insufficient discussion between universities and local planning authorities regarding the expected increase in student numbers.

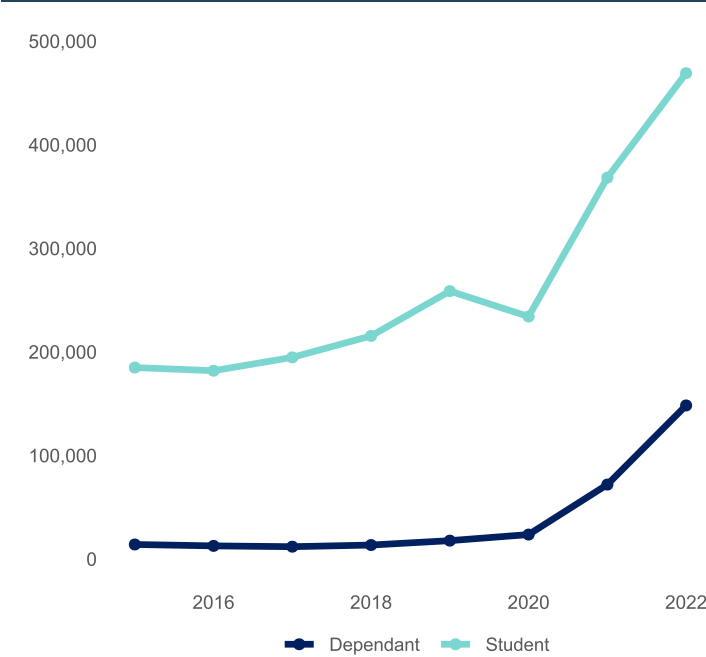
Universities can apply for an increase of up to 50% of their previous year's student visa allocation. When UK Visas and Immigration (UKVI) receive an increase request it will look at numerous factors including the total student capacity of the premises and the institution's explanation of their expansion plans and how they will mitigate potential impacts from increased student numbers. However, UKVI cannot independently verify the institution's plans regarding infrastructure, for example to confirm whether students can access affordable accommodation a reasonable distance from campus. UKVI will expect universities to have considered student accommodation as part of their application and may refuse increase requests if the institution is not able to demonstrate appropriate justification.

Dependants

Since 2012, there has been a clear distinction in the student visa rules related to dependants. Only postgraduates have been entitled to bring dependants whilst undergraduates were not. In January 2024, the rules will become more restrictive and only allow dependants for research-based postgraduate students. In our 2018 report, we did not refer extensively to dependants due to their low numbers, particularly in comparison to total study visas. However, since then the number of dependants coming to the UK under

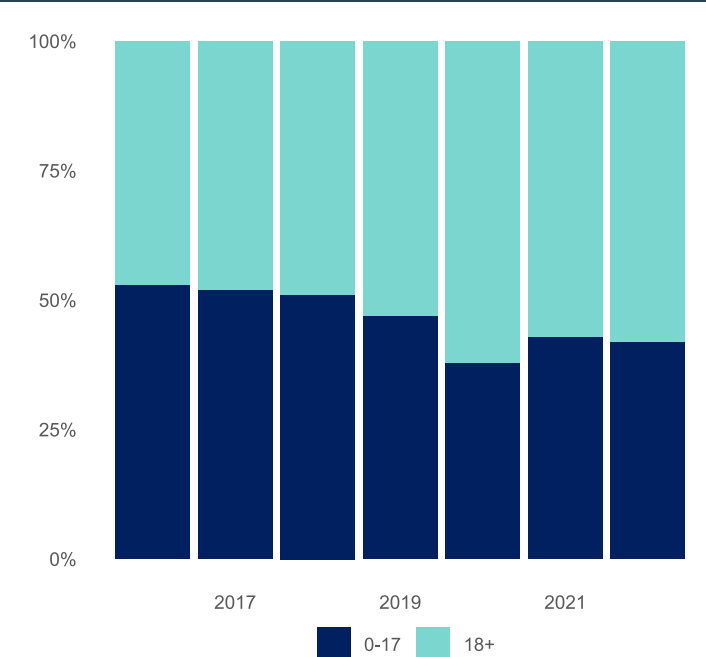
student visas has increased significantly, and at a much faster pace than the rise in total student numbers, as illustrated in Figure 3.12. Dependants accounted for 148,000 visas in 2022, 24% of all student visas. The majority of dependants are adults, though there are a substantial number of children, as shown in Figure 3.13.

Figure 3.12: Number of student and dependant visas



Source: Home Office Immigration Statistics, YE Mar 2023.

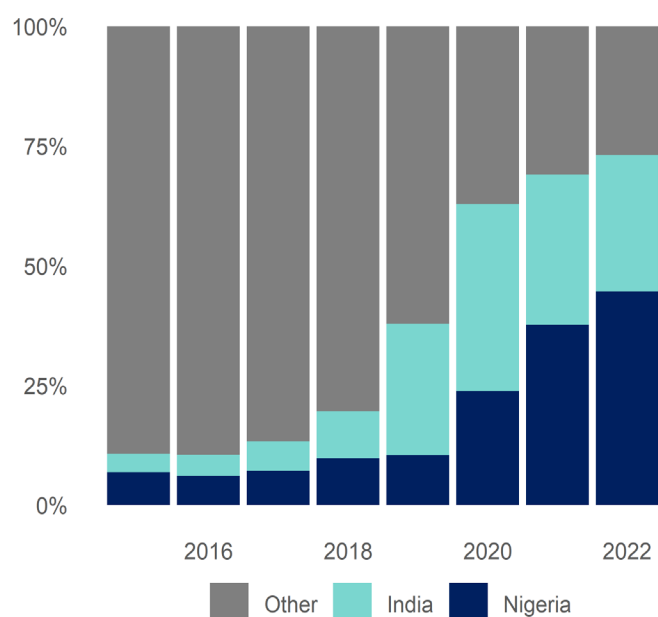
Figure 3.13: Age breakdown of student dependant visas



Source: Home Office Immigration Statistics, YE Mar 2023.

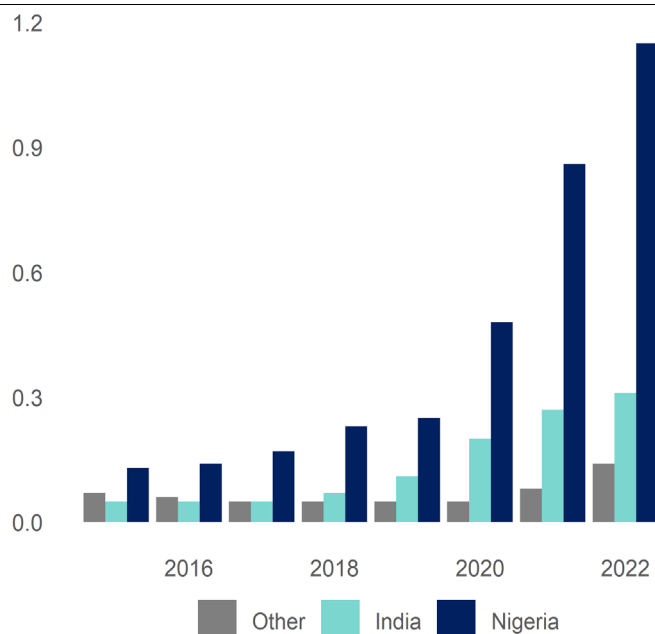
This increase in student dependant visas has largely been driven by applicants from 2 countries: India and Nigeria. In 2015, these 2 countries accounted for only 11% of dependants, at around 1,500 individuals in total. By 2022, they accounted for 73% of dependants (Figure 3.14) - over 100,000 individuals in total. In 2022, the ratio of dependants to main applicants exceeded 1 for Nigerian nationals (Figure 3.15) - this is 10 times the rate for all other countries (excluding India).

Figure 3.14: Student dependant visas by nationality



Source: Home Office Immigration Statistics, YE Mar 2023.

Figure 3.15: Ratio of student dependants to main applicants



Source: Home Office Immigration Statistics, YE Mar 2023.

The [impact assessment](#) of the graduate route which the government published in 2021 did not project the impact on dependant numbers. There were 2 key reasons for this. First, there was no expectation of a significant shift in which countries students would come from as a result of the introduction of the route. Prior to the introduction, Chinese students were the largest single group of international students. Less than 1% of student visas for Chinese nationals in 2019 were for dependants. In contrast, 10% of student visas for Indian nationals and 20% for Nigerian nationals were for dependants in 2019. Second, the assessment assumed there would be no change in the likelihood of bringing dependants. However, this ignored the behavioural response that would be expected as the cost-benefit calculation changed with the option of a further 2 years in the UK after graduation. Predicting the exact behavioural response to the policy with certainty would have been challenging, and we have seen large behavioural changes. In 2022, 23% of Indian nationals and 54% of Nigerian nationals on student visas were dependants. Interestingly, there has been no change for Chinese nationals, with dependants continuing to account for less than 1% of student visas.

In May 2023, in response to this increase, the UK government announced [changes to the immigration rules](#) limiting the postgraduate courses on which students could bring dependants to only research-based courses. With doctoral students only accounting for about 3% of all international postgraduate students, this will likely have a large effect on the number of dependants coming to the UK once the rules come into effect in January 2024. What is less clear is the impact it may have on main applicants – this is discussed in Chapter 1. The Home Office has said it will *"work with the higher education sector to explore alternative options to ensure the brightest and best students can continue to bring dependants when they study at the UK's world-leading universities"*. We encourage the government to pursue this work as a matter of urgency as we have heard from a number of institutions in the sector of the potentially harmful consequences of the policy for exactly this group of students.

More broadly, we encourage the Home Office to engage with HEIs to conduct impact assessments (including equality assessments) across groups, given that the policy change in its current form is a wide-ranging blanket ban outside of research-based courses. This will potentially impact particular groups (e.g. older students who are more likely to bring child dependants, women with caring responsibilities and disabled students) or particular institutions more than others. International students with dependants are likely to integrate more easily into UK society if accompanied by their dependants, including those with child dependants given the [important role](#) that schools typically play in establishing relationships supportive of integration.

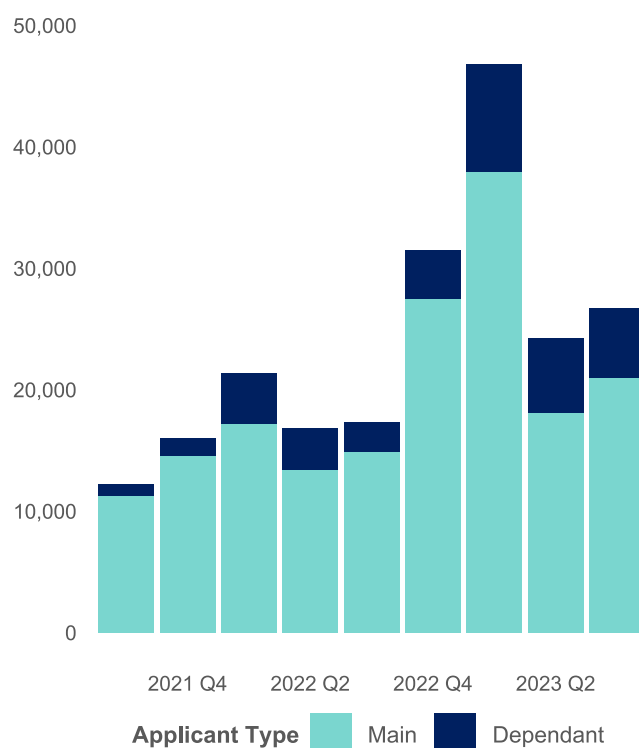
Dependants benefit from public service provision covering areas such as healthcare, policing and defence. Additionally, child dependants, who made up 42% of all dependants for all visa routes in 2022/23, are eligible to access the UK state-funded education system. As we documented in Chapter 1, the average annual per pupil spend was £4,679 in primary schools and £5,992 in secondary schools. None of these additional costs will be borne by the university. On the other hand, all dependants are required to pay visa fees and an immigration health surcharge to enter the country, as well as taxes such as VAT and council tax, and working adult dependants will also contribute income tax and national insurance. However, there is currently no reliable data source to provide information on the economic activities of adult dependants, and their earnings if in employment. We encourage the Home Office to complete, as a matter of urgency, the data linkage project between visa records and HMRC PAYE data that can fill this data gap, to better understand the impact of dependants, on both the student route and all other visa routes.

Graduate Route

The graduate route, [announced](#) in September 2019 and introduced from July 2021, enables international students to remain in the UK for up to 2 years for undergraduate or Master's degrees, and up to 3 years for doctoral degrees, following the completion of their course. There is no requirement on the graduate route to work, nor any restriction on the type of work that can be done if they choose to do so. However, migrants cannot claim benefits and time on the graduate visa does not count toward settlement. Dependants are also eligible, provided they join on the student visa they can apply to stay on the graduate visa.

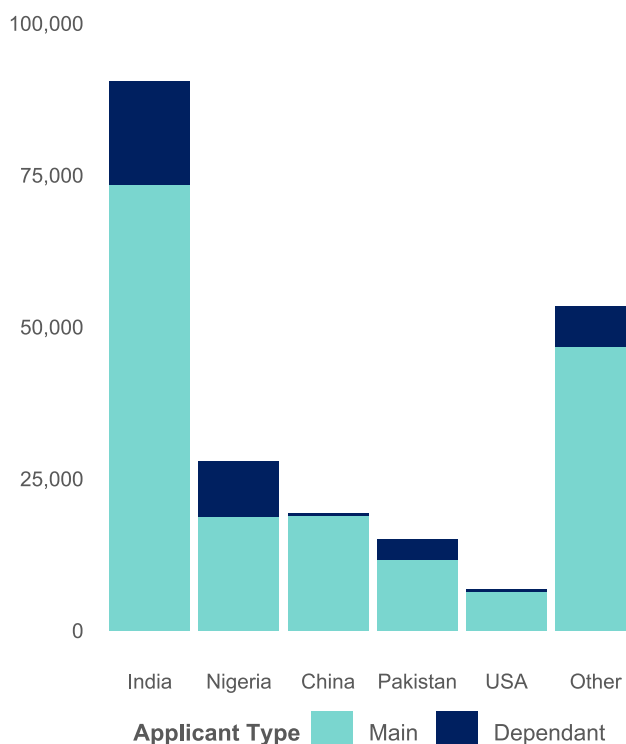
Figure 3.16 shows the use of the graduate visa since its introduction. So far, 176,000 students have been accepted through the graduate route, with a further 37,000 dependants. Of these, 42% were Indian nationals. The 5 largest nationalities are shown in Figure 3.17. While 2021/22 numbers were broadly in line with the government's [central estimate](#) for route applications, 2022/23 numbers have already exceeded the upper estimate.

Figure 3.16: Graduate route visas issued by quarter



Source: Home Office Immigration Statistics, YE Jun 2023.
Note: 1. Covers 2021 Q3 to 2023 Q3.

Figure 3.17: Graduate route visas issued by nationality



Source: Home Office Immigration Statistics, YE Jun 2023.
Note: 1. Covers 2021 Q3 to 2023 Q3.

In our [2018 report](#), we recommended against the introduction of a separate graduate visa, due to concerns that it would lead to an increase in low-wage migration and universities marketing themselves on post-study employment potential rather than educational quality. As we put it at the time:

“If students had unrestricted rights to work in the UK for two years after graduation there would potentially be demand for degrees (especially short Master’s degrees) based not just on the value of the qualification and the opportunity to obtain a graduate level job and settle in the UK, but for the temporary right to work in the UK that studying brings. A post-study work regime could become a pre-work study regime. It is important that demand for courses in the UK is built around the quality of the education offered and a reasonable opportunity to contribute to the UK as a skilled worker.”

Our recommendation was influenced by evidence at the time showing that the earnings of some graduates who remained in the UK after graduation were surprisingly low, especially for some Master’s students, suggesting that those who would benefit most from a longer period to find a job would not be the most highly skilled. LEO data showed a lower quartile wage for non-EU postgraduate taught Master’s students 1 year after study of £15,400 in 2015-16 (compared to £20,500 for domestic students).

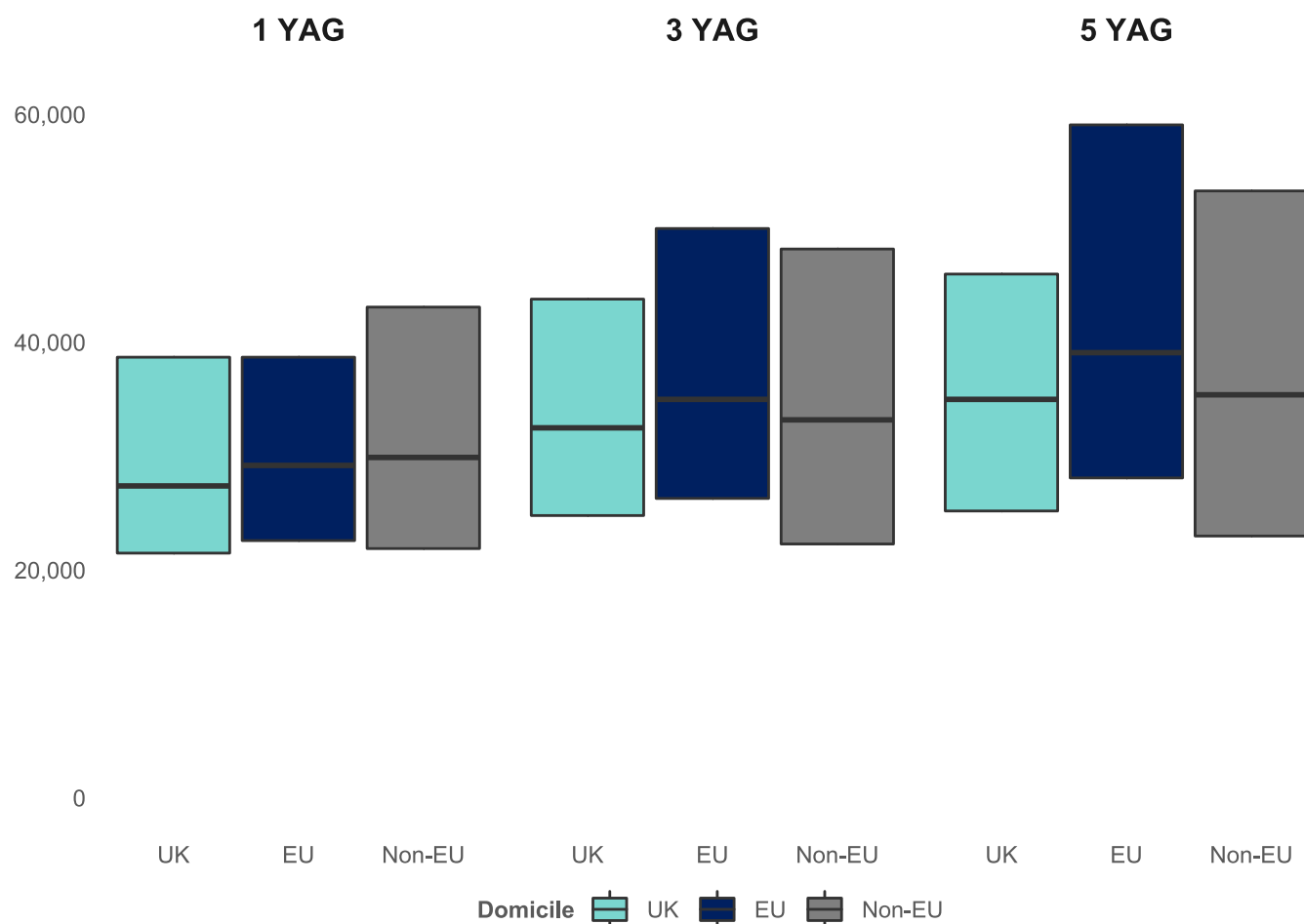
Our concern that the graduate visa would incentivise demand for short Master’s degrees based on the temporary right to work in the UK, rather than primarily on the value of qualification, may well be borne out in

the trends that we have observed. As we have already shown, the rise in student numbers is almost entirely focused on taught Master's degrees, and the growth has been fastest in less selective and lower cost universities. The rise in the share of dependants is also consistent with this. Since both the applicant and an adult dependant can work both during the original study period (students can work up to 20 hours per week during term and full-time outside term), and for 2 years on the graduate visa, the cost-benefit of enrolling in a degree has changed substantially. In the case of an international student studying a 1-year postgraduate Master's, and bringing an adult dependant, the couple could earn in the region of £115,000 on the minimum wage during the course of their 3 years in the UK. Some universities offer courses at a cost of around £5,000.

LEO data shown in Figure 3.18 highlights that a large proportion of postgraduate Master's students earn below the current general threshold of the skilled worker route (currently £26,200 but rising to £38,700 next year) during their first full year post-study. In fact, 25% earn close to the current minimum threshold (currently £20,960 but expected to increase following the Home Secretary's announcement on December 4th).

Additionally, the lower quartile of non-EU Master's students experience minimal wage progression up to 5 years after graduation, suggesting they are more likely to remain in low-skilled jobs post-study.

Figure 3.18: Earnings by domicile and years after graduation for Master's students



Source: LEO date 2020/21.

Note: YAG means Years after Graduation. 1YAG refers to students who graduated in 2018/19, while 3YAG and 5YAG refer to students who graduated in 2016/17 and 2014/15 respectively.

Part of the strategic objective of the route, alongside ensuring the UK remains internationally competitive in the HE market, was to retain international graduate talent upon graduation, which would contribute to the UK economy. This data suggests that the graduate route may not be attracting the global talent anticipated, with many students likely entering low-wage roles, although this may be considered beneficial given the tight labour market and large number of vacancies in low-wage roles currently in the UK. Graduate route visas are not tied to employers, and this may mitigate some of the risks of exploitation that have occurred in low-wage jobs where visa holders are sponsored by employers—as discussed in Chapter 2 of this report.

The conclusions that can be drawn from the LEO data are limited, as they cover non-UK graduates from before the introduction of the graduate route. As we have made clear throughout this chapter, there has been a major shift in the distribution of students who have arrived in the UK since the route was announced which means that the performance of previous cohorts of graduates may prove a poor guide to the performance of those on the graduate route. As discussed previously, the growth in international students since 2018 has been largely in lower cost courses studying at less selective institutions. The most likely outcome is that their

performance in the labour market will be weaker than previous cohorts who were likely to be a more selective group.

It also remains to be seen whether changes to dependant rules from January 2024 impact the take-up of the graduate route visa. Partners must have already been dependants on the student visa to obtain a dependant graduate route visa, and this will only be possible for postgraduate doctoral students - less than 3% of international students in 2022/23. International students will also no longer be allowed to switch into work routes until their studies have been completed. A large influx of international students, keen to take full advantage of the graduate route, might be expected in the last half of 2023 before the policy change takes effect.

More fundamentally, we suggest that the government needs to decide what the purpose of the graduate route is. If its primary objective is to enhance the offer to international students who choose to study in the UK and so increase the number of international students in higher education, then it appears to have been a resounding success. If the objective is to attract talented students who will subsequently work in high-skilled graduate jobs, then we are sceptical that it adds much to the Skilled Worker route which was already available to switch into after graduation, and we expect that at least a significant fraction of the graduate route will comprise low-wage workers. For these migrants, it is in many ways a bespoke youth mobility scheme (YMS). The government announced on December 4th that the MAC would be commissioned to review the Graduate route.

Conclusion

Since 2018, the number of international students coming to the UK has continued to increase and the government has already surpassed its target of hosting 600,000 HE international students by 2030. In that time, there has been a major shift in the characteristics of international students. The majority of growth has been in 1-year postgraduate Master's courses, and as discussed previously this has been focused largely on less selective and lower fee universities. There has also been a major increase in the number of dependants coming through the student route.

This has been driven by multiple factors including the reliance of universities on international fees and active efforts by institutions to recruit students from abroad particularly in key markets such as India and Nigeria, who are more likely to bring dependants. The introduction of the graduate route, with its attached post-study work rights and ability to bring dependants, likely made the UK a significantly more attractive destination to international students. This makes short postgraduate courses in the UK an appealing route for those who ultimately want to enter the UK labour market. Growth is also driven by external factors such as economic and political developments in home countries, and by the competitive offer made to international students by other countries.

International students undoubtedly offer an economic benefit to the UK, both in contributions to local economies and subsidising study for domestic students, alongside enriching the university communities in which they study. This should not however be taken to imply that all aspects of student migration have the same benefits or impacts. Student dependants bring different costs and benefits compared to the student themselves. Most obviously, they do not contribute to university finances. The broader economic impact of

student dependants is unclear, as data are not available on whether or where adult dependants work. Dependants benefit from public service provision covering areas such as healthcare, policing and schooling. These additional costs will be borne by local authority and school budgets, not by the universities where international students study.

Annex A: Net Migration Scenarios detailed assumptions

Illustrative scenario assumptions

The tables below set out the assumptions that we have made to model the impact of the hypothetical policy changes in Chapter 1. These are analytical assumptions and not policy recommendations. We apply the assumptions to the Migration Observatory/LSE long run net migration model, which we have updated using the most recent ONS net migration statistics for [Year Ending December 2022](#).

Scenario 1	SW route salary threshold raised to £30k
Central variant	a) We apply the following assumptions to calculate the proportion in the reduction of Skilled Worker (SW) migrants, using Home Office management Information on Certificates of Sponsorship (CoS) (Financial Year 2022/23): ○ Raise the salary threshold on Skilled Worker Route to £30,000, retaining reduced threshold for New Entrants. ○ Exempt occupations with national pay scale from £30,000 salary threshold. ○ Retain care workers (SOC 6145) and senior care workers (SOC 6146) on the SOL, therefore can be paid 20% less at minimum threshold of £24,000. b) We calculate the proportion of long-term migrant workers accounted for by the SW route by taking the share of SW route visas out of all work visas granted (Home Office Immigration Statistics, Financial Year 2022/23), excluding routes where migrants will definitely stay in the UK for less than 12 months. This total excludes Frontier Workers, Overseas Domestic Workers, Charity Workers, Creative Workers, Seasonal Workers and Service supplier visas (where individuals cannot remain in the UK for longer than 12 months). It also excludes Government Authorised Exchange visas where individuals can apply to stay in the UK for a maximum of 12 months before extending in certain circumstances. It assumes that individuals across the various visas which make up the work route are equally likely to stay in the UK for 12 months and hence contribute to the net migration statistics. c) Behavioural response of firms: for 10% of roles now below the threshold, employers raise salaries to meet it. d) These proportions (which due to the nature of CoS data only relate to main applicants), are then applied to the total number of annual migrant workers (main and dependant applicants, year ending December 2022, assumed to represent LR annual worker migration) in order to account for a reduction in both main applicant and dependant numbers. This makes a simplifying assumption that the ratio of dependants to main applicants is the same across all worker types. e) Stay rate: assume a long-run stay rate of 70%, based on Migrant Journey data on the 2022 leave status of Tier 2 workers (the main route for skilled work before 2021) who arrived in 2017.

Low variant	We use assumptions a), b) and d) from Low variant. c) Behavioural response of firms: where salaries are 10% below the new threshold, employers raise them to meet it. d) Stay rate: Assume a long-run stay rate of 60%. This reduces the central variant stay rate by 10 percentage points
High variant	We use assumptions a), and b) and d) from Low variant with the addition of abolishing the new entrant threshold and removing the salary discount for care workers. c) Behavioural response of firms: no response – any jobs currently paid below the new threshold will not use the skilled worker anymore. e) Stay rate: assume long-run stay rate of 80%. Increased central variant stay rate by 10 percentage points.

Scenario 2	Restriction on student dependants
Central variant	a) Undergraduate students continue to be restricted from bringing dependants, as per the current policy. b) We restrict dependants of students to only those on postgraduate courses currently designated as research programmes, using HESA data on the share of non-UK postgraduate students not on research courses (and hence no longer able to come with dependants). We apply the ratio of student main applicant to dependant visas issued over the period Financial Year 2022/23 (Home Office Immigration Statistics). No assumptions are made regarding government sponsored students. c) We assume that main applicant students who no longer come to the UK as a result of the change in dependant policy are replaced by other main applicant students who are still prepared to come. d) These proportions are then applied to the total number of annual migrant students (main and dependant applicants, year ending December 2022, assumed to represent LR annual student migration). e) Stay rate: assume long-run stay rate of 21%, based on Migration observatory/LSE analysis of migrant journey data from 2010 – 2022. This analysis accounts for student behaviour with the existence of a graduate route by assuming that trends replicate what was seen when the Post Study Worker (PSW) route existed in the UK.
High variant	We use assumptions a), b) and d) from Central variant above. c) Instead of assuming all main applicants who would no longer come are fully replaced by main applicants without dependants, we assume a 10% reduction in the number of main applicants on the postgraduate courses affected by the rule change. e) Stay rate: assume a long-run stay rate of 40%, increased to account for graduate route and care worker visa. Early observations from the ONS on student behaviour suggest that these routes are having a sizeable (positive) impact on student stay rates.