



National Audit Office

**Home Office: UK Border Agency**

# Immigration: The Points Based System – Student Route

## Detailed Methodology

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**MARCH 2012**

# Detailed Methodology

1 This document describes the methods we used in the course of our examination.

## Study scope

2 The study looked at Tier 4 of the points-based system for students and followed our previous report on Tiers 1, 2 and 5, the work routes, published in March 2011.<sup>1</sup> The UK Border Agency (the Agency) implemented Tier 4 on 31 March 2009. Tier 4 encompasses students and their dependants, from outside the European Economic Area wanting to study in the UK.

## Document review

3 We reviewed some 100 published and unpublished documents produced by the Agency, and by third parties including the Home Affairs Select Committee; the Chief Inspector of the UK Border Agency; and the UK Council for International Student Affairs. We focussed particularly on reviewing the minutes of and papers provided to the Agency's Temporary Migration Board, to develop our understanding of issues identified by the Agency and actions taken to address these issues. We also reviewed available information on immigration systems in other countries to develop our understanding of how other countries deal with similar issues.

4 Documents were reviewed to develop our knowledge of the subject area and to inform our other methods.

## Interviews with Agency staff

5 We conducted semi-structured interviews with Agency staff. Using interview schedules prepared in advance of the interviews. We interviewed staff involved in:

- Processing licence applications
- Processing applications to extend or switch into Tier 4
- Dealing with refused applications
- Border Force
- Sponsor intelligence
- Immigration policy.

<sup>1</sup> Comptroller and Auditor General, *Home Office: UK Border Agency, Immigration: the Points Based System – Work Routes*, Session 2010-11, HC 819, National Audit Office, March 2011.

6 We also interviewed Home Office staff involved in immigration policy. Notes were taken of all interviews and most were recorded. Interviews were conducted to develop our knowledge of the subject area and to inform our other methods.

## Observation

7 We observed Agency staff conducting:

- a Tier 4 licence application decision;
- a Highly Trusted Sponsor status application decision;
- five compliance visits (visiting sponsors); and
- two enforcement visits (searching for migrants in breach of conditions).

8 We did not observe the process of deciding a migrant application as this process will change during 2012 as the new Immigration Casework IT system is introduced. The staff undertaking the work were aware of who we were and the purpose of the observation. Whilst our presence will have impacted on behaviour, this gave us the opportunity to observe and comment on the correct procedures and gain useful information by discussing the processes with staff. Observations were recorded via notes taken during and after the observations.

9 The observations developed our understanding of the processes and issues and informed our other methods.

## Analysis of Management Information

10 We obtained information that the Agency had available on income and costs; migrant numbers; sponsors; sponsors' notifications of potential student breaches; confirmations of acceptance for studies and overstayers. We used these data to:

- analyse income and expenditure on Tier 4;
- analyse the trends in student migration over the period up to and after the implementation of Tier 4, including through different overseas visa offices;
- develop an estimate of levels of abuse to compare with other estimates;
- analyse the trends in suspension, revocation and reinstatement of sponsor licences; and
- analyse sponsor notifications.

11 We estimated the additional cost burden on sponsors not included in the Home Office Impact Assessment. Using an assumption of 2,300 sponsors at 1 April 2011.

**Figure 1** overleaf sets out the calculation.

**Figure 1**  
Calculation to estimate additional cost burden on sponsors

Description	Assumptions and calculations	Estimated cost per sponsor (£)	Estimated total cost (£)	Estimated total cost over first 4 years (£)
<b>Familiarisation</b>				
Guidance familiarisation at 74 pages to be completed thoroughly by 2 senior managers	2 people x 12 hours x £60	1,440		
Discuss business strategy	6 people x 3 hours x £60	1,080		
Total familiarisation		2,520	5,796,000	5,796,000
<b>Educational oversight</b>				
32% of sponsors in consultation applying for oversight	32% x 2,300 sponsors			
Year one cost	Fee	10,000	7,360,000	7,360,000
	Preparation	2,500	1,840,000	1,840,000
Future years' cost per year	2,500 fees plus 2,500 preparation	5,000	3,680,000	11,040,000
<b>Additional administrative burden</b>				
Sponsor staffing cost	1,334 sponsors (excludes independent schools) achieve HTS and employ one FTE staff member on administration	25,000	33,350,000	133,400,000
Impact Assessment estimate			-50,000	-50,000
<b>Total additional cost for first 4 years</b>				<b>159,386,000</b>
<b>Average total additional cost per year for first 4 years</b>				<b>39,846,500</b>

Source: National Audit Office sponsor consultation, National Audit Office assumptions and the Home Office Impact Assessment

**12** We estimated the lost profit for colleges that close as a result of the changes to Tier 4. **Figure 2** sets out the calculation.

### Sponsor consultation

**13** We conducted an on-line consultation of Tier 4 sponsors. From the outset we envisaged this as a consultation exercise rather than a survey and did not intend to extrapolate findings to all sponsors. Nevertheless we felt it was important to hear directly from sponsors on their views and experiences of the new controls, as part of the study.

**14** The invitation to take part was sent to all 3,245 unique email addresses held by the Agency, representing 2,365 educational institutions on the Tier 4 register at that time. In total, 618 sponsors responded, 26 per cent of the sponsors at that time.

**15** The consultation included a mixture of structured questions to obtain background information about the sample and their readiness for the new controls. There were also open-ended questions which we felt were more appropriate to capture perceptions and views of the new and proposed controls. We analysed the structured questions using Excel and conducted a full analysis of the open-ended responses using qualitative analysis software (ATLAS.ti).

### Figure 2

#### Calculation to estimate profit lost by sponsors closing

Description and assumptions	Private college	English language	Total
Estimated number of colleges that will close due to changes in Tier 4 (assume fewer English language as can use 11 month visitor visa)	240	60	
Estimated average student intake per college	116	70	
Estimated profit per student per year (assuming lower cost end of the private college market)	£1,000	£450	
Total estimated profit lost	£27,840,000	£1,890,000	£29,730,000

Source: National Audit Office assumptions and Home Office Impact Assessment

**16** As stated above, the consultation was never intended to be generalizable. We have not sought to extrapolate findings or estimates to the whole population and acknowledge that sponsors responding to the consultation may differ from those which did not respond. Nevertheless, as part of our routine data checks, we compared the background information for all and responding sponsors (**Figure 3**). This indicated that sponsors who responded to our consultation were broadly similar to all sponsors, in terms of the background information that we had collected. This gave us reassurance that the consultation had included a wide range of sponsor types, whose experience of the new controls might differ.

### Figure 3

#### Demographics of sponsors population and sponsors responding to NAO consultation

Characteristic	Proportion of population (%)	Proportion in consultation (%)	Percentage difference (%)
<b>Sponsor type</b>			
Independent school	28	27	(1)
Private institute	28	26	(7)
University/Tertiary college	15	22	46
English language school	12	16	29
Specialist school/college	4	0 <sup>1</sup>	(100)
Other	13	9	(31)
<b>Sponsor rating</b>			
A rated	36	32	11
B rated	5	2	(68)
Highly trusted sponsor	52	65	13
<b>Time as a sponsor</b>			
Less than 1 year	10	8	(24)
Between 1 and 2 years	15	20	29
Over 2 years	75	73	(2)

#### NOTE

<sup>1</sup> Specialist schools and colleges may have described themselves as “independent” or “other” in response to our consultation.

Source: UK Border Agency and National Audit Office data

**17** A number of methods have been adopted to ensure quality:

- Regular meetings were held with the National Audit Office’s in-house specialist methods and statistics teams, during the development of the questions and the data analysis. This included getting in-house sign-off for the consultation instrument and guidance on developing and applying a framework for the qualitative analysis and using the specialist software.
- The framework for the qualitative analysis was developed based on the responses to the consultation. An initial framework was drafted, tested on some responses and revised as appropriate. Given the relatively large number of returns to be coded, ATLAS.ti was used for the coding as codes are recorded and stored, and could thus be reviewed and checked within the research team.
- In addition to above, a number of responses were randomly selected to be checked again, to ensure no systematic errors were occurring.
- A co-occurrence tool was used to ensure that codes which should be mutually exclusive were so, for example, there should be no co-occurrence between positive, negative, neutral or mixed codes.

## Sponsor interviews

**18** We interviewed sponsors to get a thorough understanding of how Tier 4 and the changes to Tier 4 are affecting them. We visited 7 sponsors selected to cover a range of sponsor type. At each sponsor visited, we interviewed the member(s) of staff most responsible for dealing with Tier 4 administration. The seven sponsors selected included:

- two universities, three mixed higher and further education, one independent school and one English language school;
- four publicly-funded and three privately-funded institutions;
- four different regions;
- numbers of used confirmations of acceptance for studies ranging from 20 to 13,004; and
- three with Highly Trusted Sponsor status, three A rated and one B rated sponsor.

**19** The interviews were semi-structured, using the same interview schedule for each interview. We took notes of all the interviews and conducted a qualitative analysis of the results using a tabular approach.

## Sponsor forum

**20** We ran on-line forums with sponsors to further explore issues with sponsors. In responding to our consultation, 452 sponsors agreed to take part in on-line forums. This allowed us to ask sponsors about issues arising from our analysis of the consultation and other methods. We ran four strands on the forum asking:

- a** Have you known UKBA to make a mistake in dealing with your sponsor application, renewal or in assessing your compliance? If you have known UKBA to make such a mistake, how did you go about getting them to correct it? If you have experienced a UKBA error, what have you found are the most effective ways of seeking redress? – 25 individual contributors.
- b** In June 2011, the UK Border Agency (UKBA) published an assessment of the economic impact of reform of the Points Based Student Immigration System which included their assessment of the direct costs of the changes to educational institutions. This assessment included the following estimates and assumptions:
- Reduction in tuition fee income to educational establishments would be c. £170 million over 4 years across all sponsors. This estimate assumed that for every 10 non-EU migrants no longer able to study at affected institutions, 8 of their places would be filled by either EU or British nationals.
  - Familiarisation costs to Tier 4 sponsors were assessed to be a one off cost of £50,000 across all sponsors. i.e. around £25 per sponsor.
  - The administrative burden to sponsors of operating the new rules would not change.

Based on your experience, how reasonable do you feel the above assumptions have been? What additional costs, if any, has your institution incurred beyond those set out by UKBA? – 14 individual contributors.

- c** How well do you think self-reporting will work against the new Highly Trusted Sponsor criteria? For sponsors who have achieved Highly Trusted Sponsor status, what challenges, if any, did you face in deciding how to monitor and report student compliance? – 5 individual contributors.
- d** Which of UKBA's changes to Tier 4 has had, or is likely to have, the biggest impact on your business or institution? – 12 individual contributors.

**21** We carried out qualitative analysis of the results to identify the breadth of views held by the contributors.



## Focus groups of students from outside the European economic area

**22** We conducted focus groups of international students to gather their views on why they chose to come to the UK and the changes to Tier 4. The focus groups were conducted at each of the sponsors that we visited which had been selected to cover a range of sponsor types (see paragraph 14). We conducted seven focus groups, six with between 8 and 12 participants and one with 5 participants.

**23** A range of methods were used to select participants depending on the sponsor. As far as possible they represented a range of ages, nationalities and classes at each sponsor we visited. Each group used the same topic guide. The focus groups were all facilitated by two members of National Audit Office staff so that, at any one time, one member of staff was running the focus group and the other taking notes. We recorded all the groups.

**24** Qualitative analysis was conducted on the results using a tabular approach to identify all the views held.

## Stakeholder consultation

**25** We consulted with education oversight bodies and English language testing contractors to assess their readiness to implement the new controls, and with bodies representing education institutions and students to obtain their views of Tier 4.

**26** We consulted with all five approved secure English language testers, to ascertain how prepared they are to take over the role, how secure the testing is and to identify any other issues around secure English language testing. The English language testers consulted are:

- Cambridge ESOL
- City & Guilds
- Educational Testing Service
- Pearson/EDEXCEL
- Trinity College London.

**27** We consulted with all statutory and other inspectorates invited to inspect Tier 4 sponsors, to ascertain how prepared they are to take on this role and any other issues around the inspection regimes. The inspectorates consulted are:

- The Quality Assurance Agency for Higher Education
- Estyn:- Her Majesty's Inspectorate for Education and Training in Wales
- Education Scotland
- Bridge Schools Inspectorate
- Independent Schools Inspectorate
- School Inspection Service
- Education and Training Inspectorate (Northern Ireland)

**28** We also consulted with groups representing students and education institutions, to obtain the views of those they represent on Tier 4 generally and particularly the changes to Tier 4 being introduced in 2011 and 2012. We received responses from:

Student representatives:

- UK Council for International Student Affairs (UKCISA)

Education institution representatives:

- Guild Higher Education
- Universities UK
- Higher Education Wales (HEW)
- Colleges Northern Ireland
- Universities Scotland
- Higher Education Better Regulation Group
- 157 group
- English UK.

## Migrant tracing exercise

**29** We sought to trace current addresses for migrants to ascertain whether there are more cost-effective methods the Agency could be using to trace overstayers and absconders. We commissioned Vilcol Ltd, a specialist tracing company, to attempt to find up to date addresses for 812 migrants at a cost of £3 plus VAT per trace.

**30** This group represented all migrants that the Agency had refused an application to extend or switch their leave to remain who lived in the North East, Yorkshire and the Humber region who the Agency had been unable to trace. Results were analysed by how long the Agency had been trying to trace them and whether the migrants were Tier 4.

**31** The company found 103 confirmed addresses (exact name and date of birth confirmed by sales data) and 44 unconfirmed addresses (name and date of birth matched only) from the group of 812. The Agency is following up this new information urgently and we will post the results of their investigations to give a more complete picture of the value of the exercise when we can.