

No room at the top: how the growth of overseas students has displaced UK students at Britain's top universities

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Summary of the findings

- 1. The number of state school pupils admitted to Oxford and Cambridge has not increased for 20 years.** Admissions from state schools peaked in 2002, when 3,343 state school pupils were admitted. In 2018, just 3,166 were admitted. Between 2002 and 2018 the number of UK state school pupils admitted fell 5% while the number of UK independent school pupils fell 23%.
- 2. This happened mainly because the proportion of students admitted from the UK has declined, from 88% in 2008 to 78% in 2018.** Both universities increased the share of admissions from overseas while expanding very little overall. They are responding rationally to incentives set by policymakers: they are able to charge far higher fees to overseas students, which they use to cross-subsidise teaching and research.
- 3. Media reports have generally concentrated on the proportion of UK students who are from state schools.** But this measure, which is rising, gives a misleading picture of how likely state school pupils are to actually gain a place.
- 4. The number of 18 year olds in the UK is set to grow by a fifth between 2018 and 2030.** If numbers of state school pupils continue to flatline, their odds of getting into Oxbridge will decline.
- 5. Data from the LEO dataset suggests Oxford and Cambridge and other high-entry requirement universities add significant value to their students, with higher earnings even after controlling for prior attainment.**
- 6. However, high entry requirement universities in England have grown their numbers of overseas students rather than the number of UK students.** Between 2014/15 and 2018/19 the dozen highest entry requirement universities in England added

4,895 more first year undergraduates from outside the UK, but only 350 from the UK, a 35% increase and a 1% increase respectively.

- 7. High entry requirement universities have much higher proportions of overseas students.** Looking at UK universities as a whole, the proportion of overseas students rose from 17% to 19% between 2014/15 and 2018/19. At the dozen universities in England with the highest entry requirements, it rose from 27% to 33%.

Since the 2017 General Election there has been a sustained debate about the future of higher education in the UK. The last Conservative Government introduced the Augur Review to propose options for reform of post-18 education funding. Recent LEO data has demonstrated the extreme variation in course value to undergraduates, with up to a third of degrees not delivering value for students and taxpayers..

In the last three months, the coronavirus crisis has brought these issues to a head. Universities reliant on international student fees have been forced to rapidly redevelop their business model. This note considers the role of the universities with the highest entry requirements and the way that UK students have been squeezed out by the growth of overseas students. -

In recent years, the total number of students being admitted to Oxford and Cambridge has changed very little. Admissions of all students (undergraduates and graduates) rose 2% at both universities between 2010/11 and 2018/19. This failure to expand contrasts with all the other universities with the highest academic entry requirements. Over the same period Durham grew student numbers by 16%, the LSE by 24%, Imperial by 26%, Edinburgh by 33% and UCL by 67%.

Oxbridge undergraduate numbers have been flat for several decades. 6,797 undergraduates were admitted to Oxford and Cambridge in 2002, more than the 6,774 admitted in 2018.

Within this total the number and proportion from the UK has declined sharply, as both universities pursue overseas students who bring in much higher fees. While other high entry requirement universities have also increased the number of international students, this has taken place alongside overall expansion, meaning UK student numbers have also risen in some other cases - though not all. Oxford and Cambridge's failure to expand has squeezed places for UK students.

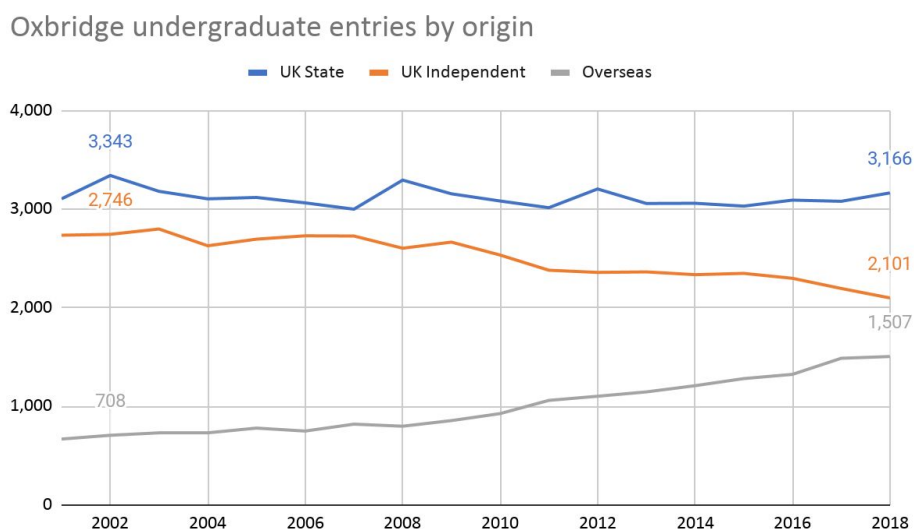
To some degree, these universities are only responding to market incentives. Home and EU students will pay fees of £9,250 in 2020, while students from outside the EU at Oxford will pay between £25,740 and £36,065. In 2021 non-EU students at Cambridge will pay between £22,227 and £58,038.

This is why both universities have increased the proportion of their students from overseas. The proportion of undergraduate acceptances from the UK dipped from 91% in 1999 to 88% in 2008, but then plunged to 78% by 2018. This, plus little expansion overall, meant that numbers from the UK fell in absolute terms, from 6,089 in 2002 to 5,267 in 2018.

Failure to expand, plus the dramatic growth of overseas students, has led to numbers from UK state schools gaining admission stagnating for decades

The failure to expand significantly, plus a growing proportion of undergraduate places for overseas students, has meant that the number of undergraduate places for state school pupils at Oxford and Cambridge has flatlined for decades, and is below previous peaks. Meanwhile, numbers from UK independent schools have declined sharply, from 2,746 in 2002 to 2,101 in 2018. In the absence of expansion, there is a zero sum trade-off, which has led to both universities prioritising overseas students.

Figure 1: Oxbridge undergraduate entries by origin

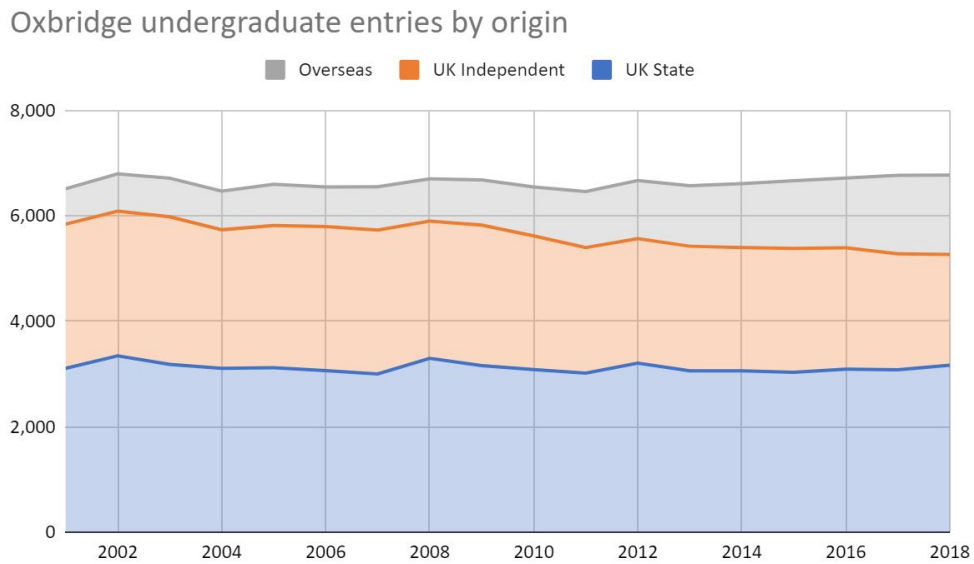


Source: House of Commons Library

If we look at the same data stacked, we see that overseas students have displaced UK independent school students, while total numbers and numbers of UK state school pupils have flatlined. The number of 18 year olds in the UK is set to grow by a fifth between 2018 and 2030. If numbers of state school pupils continue to flatline, their odds of getting into Oxbridge will decline correspondingly. Given the coronavirus is reducing the number

of students from overseas we might expect the number of students from the UK will go up this year. The question is whether this will be sustained.

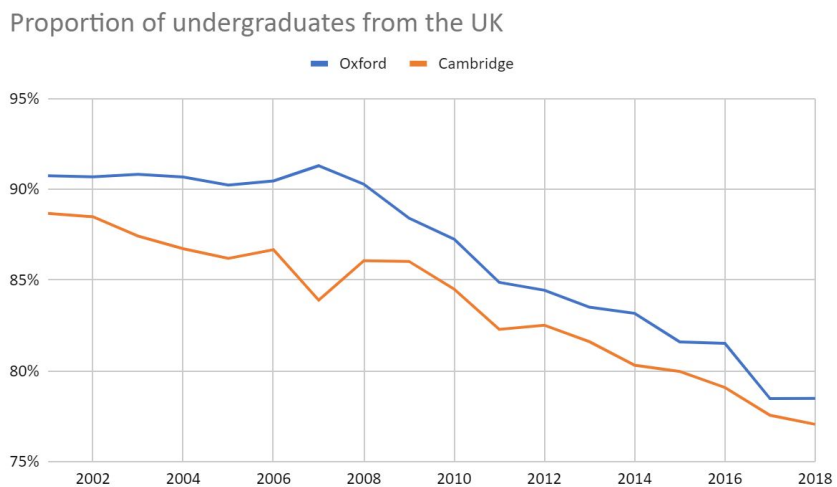
Figure 2: Oxbridge undergraduate entries by origin



Source: House of Commons Library

This attracts little attention in the press. Media coverage and universities’ own press releases focus on the proportion of those *from the UK* who are from the state and private sectors. However, the proportion of all undergraduates who are from the UK has dropped sharply at both institutions, particularly since 2008.

Figure 3: Oxbridge undergraduate entries by origin



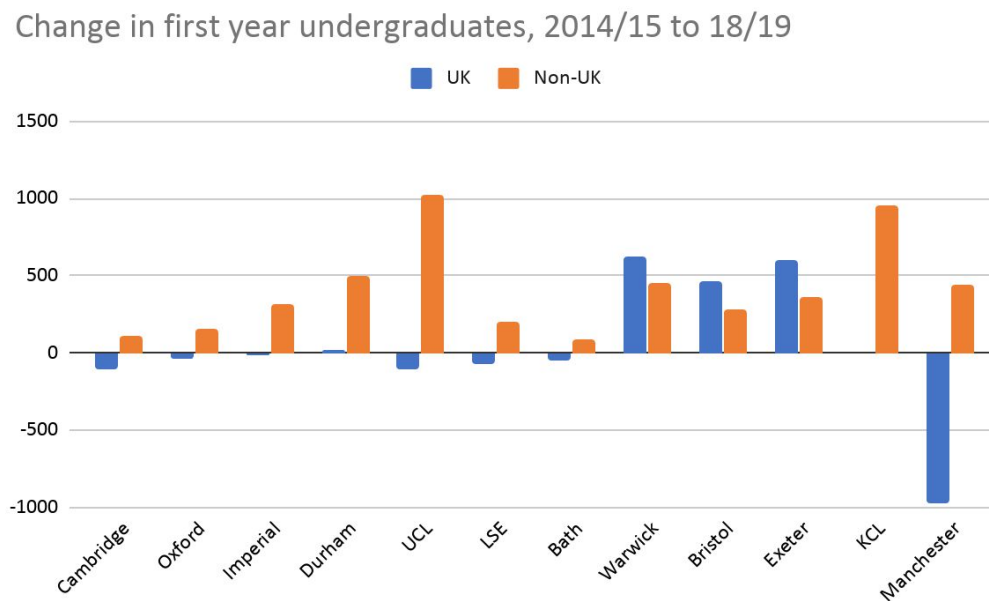
Source: House of Commons Library

For high entry requirement universities, the growth in overseas students has come at the expense of UK students - except in some cases where the overall increase has been particularly large

Oxford and Cambridge are not the only universities where the growth of lucrative overseas students has pushed down the number of UK students. If we look at the dozen English universities with the highest entry requirements, only those with substantial overall growth have seen UK undergraduate numbers increase: Warwick, Bristol and Exeter. Expansion was a necessary but not sufficient condition: some like UCL and Kings expanded sharply, but still saw no increase in UK students.

Taken together, the dozen highest entry requirement universities in England added 4,895 more first year undergraduates from outside the UK, but only 350 from the UK, a 35% increase and a 1% increase respectively in non-UK and UK students.

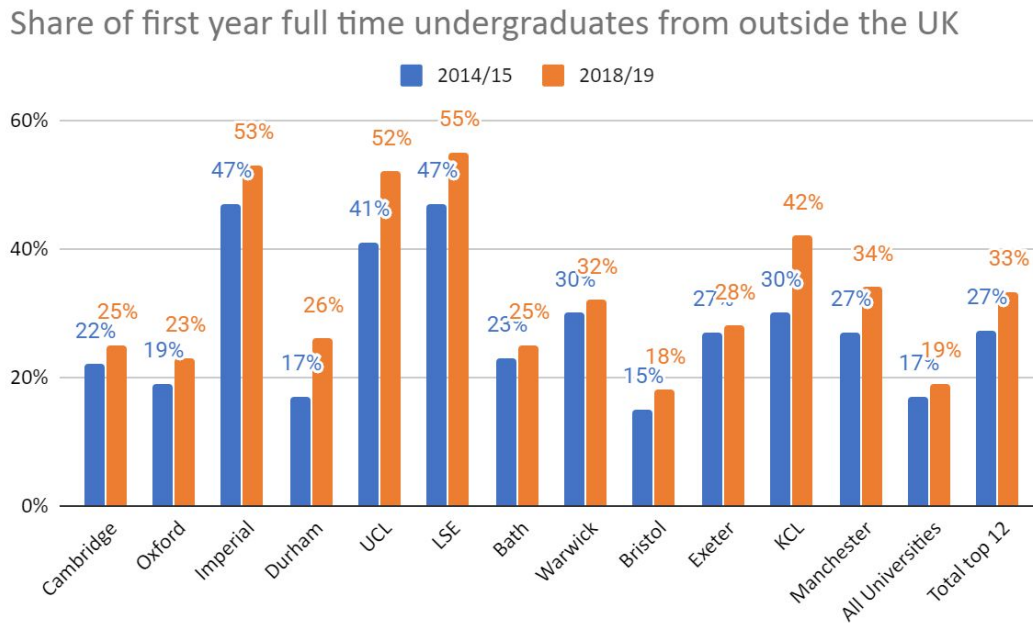
Figure 4: Undergraduate entries by origin at high entry requirement universities



Source: HESA

Looking at UK universities as a whole, the proportion of overseas students rose from 17% to 19% between 2014/15 and 2018/19. However, at the 12 universities in England with the highest entry requirements it rose from 27% to 33%. London universities: Imperial, UCL, LSE and KCL, had the highest shares of overseas students.

Figure 4: Undergraduate entries by origin at high entry requirement universities



Source: HESA

High entry requirement universities add a lot of value to their students, but often also have higher teaching costs

Data from the LEO dataset suggests Oxford and Cambridge add significant value to their students, and that higher tariff institutions do so more generally. IFS analysis of the LEO dataset looked at the proportion of graduates for whom subsidising their degree represented a good investment for the taxpayer over their whole lifetime. It compared how much graduates earned compared to similar people (with similar A level grades) who did something else. While the picture was more mixed for women, it concluded that:

“For men, the picture is very much split by university type. While exchequer returns are positive for about three quarters of men who went to Russell Group universities, the same figure for the least selective universities is less than half. On average, we estimate that the lifetime exchequer return for men who go to Russell Group universities is around £240k per student, while the same figure for men who go to the least selective universities is roughly zero.”

While such whole lifetime value-added data is not available on a university-by-university basis, we can see the raw earnings and a measure of value-added by individual institution for 29 year-old graduates. The data suggests that earnings are high for graduates of high-entry requirement institutions, and that value-added is also high.

Looking at the raw difference in earnings compared to those who did not go to HE institutions, suggests that graduates of Oxford, Cambridge and a number of other institutions earned more than twice as much at age 29, a point before the full differences in earnings between graduates and non-graduates emerge. Controlling for their higher prior attainment reduces this gap, but the value-added to earnings remains very large.

Table 1: Raw earnings uplift for high tariff universities compared to those who did not attend university

Source: IFS analysis of LEO data

Women			Men		
University	Raw earnings difference (%)	Controlling for prior attainment (%)	University	Raw earnings difference (%)	Controlling for prior attainment (%)
LSE	187	94	LSE	122	58
Imperial	150	68	Oxford	105	44
Oxford	135	45	Imperial	102	47
Cambridge	117	29	Cambridge	95	34
Bath	111	43	Warwick	89	27
UCL	106	45	Durham	84	24
Bristol	104	40	Nottingham	83	22
Nottingham	104	40	Bath	79	28
Durham	102	43	Bristol	79	32
Warwick	101	36	UCL	72	30

Controlling for prior attainment this suggests that for men the value-added at these institutions is much higher than at the median university, which is around 7%. For women the gap is a bit smaller, with the median value-added much higher at around 24%.

In a number of cases, high entry requirement universities also have higher teaching costs. In a submission to the Browne Review in 2010, the then Vice Chancellor of Oxford, Andrew Hamilton, stated that:

“The full cost of teaching an undergraduate student at Oxford is currently estimated at about £16,000 per year, which means that when the contribution made by tuition fees and public funding is subtracted, the annual shortfall per undergraduate every year of their Oxford career is about £8,000.”

A KPMG report commissioned alongside the Augar review, “Understanding costs of undergraduate provision in Higher Education” (2019) also found dramatic variations in per-student teaching costs. For example for full time arts and design courses, it found a range of costs between £7,500 at the cheapest and £20,000 at the most expensive institution. For biological sciences, the range was between just over £8,000 and £18,000, and this pattern was seen across a range of subjects.

Conclusion

The process whereby high entry requirement universities have prioritised overseas students over growth in UK student numbers reflects the strong financial incentives they have been given to do so.

Their incentives are further sharpened because a number of these high-tariff, high value-added institutions also face higher than average teaching costs, meaning that nationally set fees do not cover their unit costs.

The Department for Education should consider whether enabling these institutions to take on more UK students would be a good investment for the taxpayer. The loss of large numbers of overseas students because of coronavirus could be a further spur to re-evaluating policy. The Department for Education should take into account these dynamics in high entry requirement universities as part of its wider thinking on the future higher and technical education.

Sources and thanks

Many thanks to officials from the House of Commons Library, HESA, and the admissions offices of Oxford and Cambridge for their help and advice.

Data on numbers of UK state, UK independent and overseas students at Oxford and Cambridge is from the House of Commons Library.

Data on the number of 18 year olds is from ONS: “Being 18 in 2018”

Data on changes in the number and shares of UK and non-UK students between 2014/15 and 2018/19 is from HESA:

<https://www.hesa.ac.uk/data-and-analysis/students/table-1>

Data on earnings and value-added is from: “The impact of undergraduate degrees on early-career earnings”

<https://www.gov.uk/government/publications/undergraduate-degrees-labour-market-returns>

Data on teaching costs at Oxford is from:

<https://www.ox.ac.uk/about/organisation/university-officers/vice-chancellor/october2010?wssl=1>

KPMG’s report is available at

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/804975/Understanding_costs_of_undergraduate_provision_in_higher_education.pdf