



Home Office

IND CHARGING PROGRAMME

**Regulatory Impact Assessment
for
Increasing LTR application fees for international students**

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Regulatory Impact Assessment for Increasing leave to remain application fees for international students

1. Title of Proposal

- 1.1 Increasing leave to remain application fees for international students.

2. Purpose and intended effect

2.1 Objectives

- 2.1.1 To deliver a “flexible, self-financing managed migration programme that meets the UK’s economic needs by 2008.”
- 2.1.2 To reduce reliance on the public purse (i.e. the general taxpayer) to fund the ongoing modernisation of the immigration system and deliver service improvements, by charging a fee for applications for leave to remain in the UK, made by non-EEA nationals – including international students - who are seeking to extend or vary permission to remain in the UK.

3. Background

Fee proposals

- 3.1 During the course of 2003 and early 2004, the Home Office introduced charges for a range of immigration applications. The first phase of full cost recovery charging sought to ensure that those who use and benefit from the UK’s immigration system met the costs of delivering the administrative service provided. Fees were calculated to recover the full administrative costs (including staffing and overhead costs) of processing applications to the point of making and conveying a decision.
- 3.2 During 2004, the Home Office undertook a review of its fees, alongside a top to bottom analysis of the immigration system, announced by the Prime Minister in April 2004. The review aimed to:
- (a) ensure that the fees for 2005-06 accurately reflect the full costs of running the services provided; and
 - (b) extend the principle of full cost recovery charging to functions associated with the delivery of immigration services.
- 3.3 The review included consideration of charges for leave to remain applications.

International students are encouraged to apply for leave to remain in the UK prior to departure (at a cost, currently of £36 for a student visa). Nevertheless, a significant number of international students still require variations or extensions to their conditions of stay, (there were 219,000 applications for leave to remain made by students in 2003-04). Reasons for this include:

- students may need to apply for further leave to remain on the expiry of a prospective student visa (which is valid for a maximum of only 6 months);
- students may wish to extend their current course of study or to undertake new studies; or
- insufficient leave may have been granted at the previous application (either incorrectly or where there was some uncertainty about the genuineness of the intended course of study).

3.4 Table 1 below shows the current fee and options for the new fees for leave to remain applications, payable by international students:

Table 1

Cost recovery model	Current Fee	Administrative costs	Administrative + appeals costs	Administrative + appeals + full enforcement costs
LTR Postal application	£155	£211	£250	£454
LTR Premium, same day service	£250	£366	£500*	£669*

*The premium fee for these two options include £60 per unit deficit recovery.

3.5 These options reflect those consulted upon by the Government in the 2004 Home Office consultation 'Review of Charges for Immigration Applications' (i.e. recovery of administrative costs only; recovery of costs associated with providing an appeals function and the costs incurred through delivery of non-asylum enforcement activity).

Impact of Increased Charges on International Student Demand

3.6 Studies show that the international student market is worth an estimated £5 billion a year to the UK economy, in spending by international students (see Table 2 below). According to UKCOSA, in 2002/03 fees paid by non-EU students made up 7% of the higher education sector budget.

Table 2

Sector	£ million Tuition Fees	£ million Other Spending	Total
Higher education	1,258	1,863	3,121
Further education	39	304	343
English language teaching	816	496	1,312
Independent schools	218	-	218
Total	2,331	2,663	4,994

Source: Global Value of UK Education and Training Exports

- 3.7 In addition, international students contribute significantly to the academic and cultural life of educational institutions and their communities more generally, and help to support the development of a knowledge-based economy.
- 3.8 The Government is keen to ensure that the UK continues to attract international students to undertake courses in higher and further education, and retains its status as the best place in the world to learn English¹. It is imperative that the UK builds on the success of the Prime Minister's Initiative, which was launched in June 1999 to increase the number of non-EU international students studying in the UK by 50,000 in higher education and by 25,000 in further education² by 2005. English language teaching and independent schools were also promoted and marketed under the initiative, though no targets were set for these sectors.
- 3.9 Any fee increases must not have the effect of deterring significant numbers of foreign students from coming to the UK to study. There is a balance to be struck between the legitimate aim of developing a self-funding system - which will enable modernisation of the Immigration service - and ensuring that the fees are set at a level which supports efforts to ensure the UK remains a destination of choice for international students, and is economically sustainable for the UK education sector.

4. Risk Assessment

- 4.1 An effective managed migration system relies in part upon the delivery of an efficient and robust in-country control. This means processing applications in a timely manner, delivering consistent, high quality and robust decisions,

¹ A finding of a 2003 MORI report for 'Education UK' assessing the impact of the Prime Minister's Initiative

² Against a base year of 1996/97.

identifying and taking action against abuse, and providing a facility for unsuccessful applicants to appeal.

- 4.2 By not charging a fee which reflects the cost to the UK of administering the immigration control the Government will have to continue to rely on subsidisation from the public purse to fund this activity, putting investment in other public services at risk.
- 4.3 By not increasing student leave to remain fees to recover the cost of providing an appeals function, the Government will incur losses of an estimated **£28 m** in 2005-06.
- 4.4 These losses could jeopardise measures to improve the standards of service we offer to leave to remain applicants, particularly international students, who make up the largest proportion of the leave to remain customer base.
- 4.5 Customer services at risk include:
- Processing time targets for leave to remain applications (70% of postal applications in 20 working days; 100% of premium applications on the same day) and appeals cases;
 - Tailored, customer-specific facilities, including enhancement and expansion of the student batch scheme;
 - Improvement of services at Public Enquiry Offices, including a full appointment system for personal callers at their convenience;
 - Opportunities for the education sector to engage in the improvement of immigration operations, e.g. dedicated User-Groups;
 - Bespoke communications activity for student applicants;
 - Ongoing reduction in the rate of errors;
 - Secure handling and further reduction in the number of lost documents; and
 - Efficient management of non-asylum appeals cases.

5. Sustainable Development

- 5.1 We can see no race equality, health, rural or social or environmental sustainable development issues within these proposals. We do not believe that the impact of the fee increases will damage the UK's ability to sustain the growth of the international student market. This is addressed in more detail in the assessment of risks associated with options (ii) and (iii) and (iv) below.

6. Options

- 6.1 The options include:

(i) Do nothing

- 6.2 Under this option the fee would remain at £155 for a postal application, and £250 for the same-day, premium service.
- 6.3 The risks associated with this option are that at best services do not improve further. At worst they decline, inconveniencing international students and possibly jeopardising their ability to undertake their studies at the appropriate time. This could lead to a loss of public confidence in the immigration service and could affect IND's ability to deliver an effective control.

Economic Costs

- 6.4 Retaining the current fee would not allow the Government to recover the full costs of delivering even the basic administrative service in 2005-06. This means the improvements set out in paragraph 4.5 above could not be delivered, and there would be continued reliance on the public purse for funding of £55 million (constituted by £13 million to deliver the service, a further £15 million for the provision of an appeals function and £27 million for enforcement activity).

Economic Benefits

- 6.5 This option would support recovery of some of the costs of providing the in-country control (up to £34 million).
- 6.6 Retaining the same fee level means (all things being equal) student demand for leave to remain whilst in the UK would not be affected.
- 6.7 The potential cost to the UK of up to £46 million (for the other options) are avoided.

(ii) Increase charges to reflect increased administrative costs only

- 6.8 Under this option, the leave to remain fee would increase from £155 (for a postal application) and £250 (premium applications) to £211 and £366 respectively.
- 6.9 There is a risk that the increase in the application fee will have an effect on students' decision-making processes and cause a change in their behaviour. (These risks apply to options (iii) and (iv) as well, to a greater extent). Possible outcomes (and mitigations) include:
- (a) Students who would previously have made an application in person (premium service) decide to make a postal application at a reduced price. (In August 2003 to July 2004 24% of students seeking leave to remain in the UK applied at the premium rate). This outcome would affect the level of income generated to IND, but resources could be transferred to different areas of the business to reflect customer demand. There would be no reduction in the number of international

students studying in the UK, nor would the education sectors' income from international student fees be affected;

- (b) Students decide not to apply for further leave to remain in the UK, but return home to make an application. This outcome would, again, affect IND's income (but less demand means that available resources can still be deployed effectively), but would not affect the number of students seeking to study in the UK, or educational institutions' income from fees. This outcome would have the added benefit of allowing the Government to operate the immigration control 'off-shore', which is a more efficient and effective way of managing migration, and is part of the Government's wider strategy to 'export the UK's borders';
- (c) Students are deterred (by the cost of making an application for further leave to remain) from continuing their studies in the UK. This would mean a reduction in the number of international students undertaking courses at educational institutions in the UK, and a consequent reduction in income from course fees. The likelihood of this outcome depends largely upon: (i) how responsive students are to changes in the price of a leave to remain application; (ii) how significant the cost of the application is, as a proportion of the total cost of continuing studies in the UK; and (iii) how committed students are to continuing their studies in the UK.

The evidence³ suggests that there is some sensitivity amongst international students to price increases for in-country applications, as we would expect. For example, a recent Home Office survey asked 5000 students who applied for leave to remain in the UK during 2004 what they would do if the cost of making an application for leave to remain doubled. From 1000 responses, the survey showed that:

- overall 72% of respondents would still pursue studies in the UK;
- 10% of respondents said they would return home to make an application;
- 23% indicated that they would either seek to pursue their studies abroad or would not undertake further study;
- 24% of students who had applied in person indicated that they would apply by post.

It should be noted, however, that this survey was based on a relatively small sample and suffers from the limitations of any research which attempts to determine intentions. Individuals were asked simply about the cost of the application fee; in reality a decision to undertake further study will involve weighing up other factors, which are not taken into account here.

The sector in which a person is studying (higher education, further education, ELT etc) and the associated cost of that study, has an impact on a student's responsiveness to price. For students engaged in more expensive types of study (e.g. higher education courses) an increase in leave to remain charges

³ This is set out more fully in the Evidence Paper, available on-line at www.homeoffice.gsi.gov.uk

is less significant in the context of overall costs, than it would be for, say, a student in further education. Similarly, although it is difficult to generalise, we might argue that students in London, where living expenses are high, are less likely to respond dramatically to a change in price than those students for whom the charge represents a more significant element of expected living costs, outside London and the South East. The total cost to an international student of undertaking a year's study in the UK, and the percentage increase in cost as a result of the new charges is set out fully in Annex A to this RIA.

We can seek to mitigate this risk by explaining clearly both the immigration system and the hidden costs involved in undertaking a course of study in the UK, so that students can plan carefully and budget appropriately for their courses.

- (d) A general perception of UK as an expensive place to study in comparison to other countries could deter overseas students from coming to the UK in the first place. The evidence⁴ suggests that this is less of a risk than (c) on the basis that:
- A 2003 MORI report for Education UK found that “the greatest drivers for those considering studying overseas are education, career and culture”. The survey found that there remains a widespread perception that the UK education is the best in the world and that perceptions were becoming more favourable;
 - The UK is already perceived as an expensive place to study (tuition fees/cost of living): an increase in the cost of an in-country immigration application is not likely to affect significantly students’ decisions about whether to come to the UK to study at all. Exchange rates (particularly the strength of dollar) are likely to be more significant in a student’s financial considerations; and
 - The expense of studying in the UK is off-set by the quality of education and the cultural experience gained by students who come here.

Economic Costs

To the Government

6.10 Application fees of £211 (postal) and £366 (premium) would not approach the level of cost recovery needed to fund significant improvements to the immigration system, the provision of an appeals function, nor the provision of enforcement action. This would result in a loss in income of £43 million in 2005-06.

To the Taxpayer

⁴ This is set out more fully in the Evidence Paper, Section 3, available at www.homeoffice.gsi.gov.uk

6.11 The provision of an appeals system and of enforcement activity would continue to be funded by the general taxpayer, at a cost of £43 million in 2005-06.

To International Students

6.12 These fees increase the cost for international students of undertaking a year's study in the UK. Table 3 below shows the percentage increase in cost for students if postal and premium leave to remain application fees increased to £211 and £366 respectively.

Table 3

Education Sector	% increase in cost of undertaking a year's study in UK	
	Postal applications	Premium applications
Higher Education	0.5%	1.0%
Further Education	1.5%	3.0%
English Language (private provision)	2.0%	4.1%

To the Education Sector

6.13 Assuming an elasticity of -0.5 for international students in higher education, and -1 for English language students and those in further education, and assuming that the only behaviour students adopt is to not further their studies in the UK (i.e. risk (c) above), we estimate⁵ the cost to the education sector of this option as:

⁵ A full explanation of the economic model and assumptions used to calculate these costs is set out in Annex B and in the Evidence Paper, Section 6, available at www.homeoffice.gsi.gov.uk.

Table 4

Education Sector	% reduction in leave to remain applications	Reduction in fees (£ million) from international students
Higher Education	0.3%	£1.6
Further Education	1.9%	£1.2
English Language (private provision)	2.6%	£3.1
Overall	1.4%	£5.9

To the UK economy

6.14 Table 5 shows the estimated cost to the UK economy of a reduction in the number of international students resulting from an increase in leave to remain applications. We have taken the estimated decrease in LTR applications and multiplied it by the assumed total cost to international students of being in the UK (tuition fees and living costs). A more detailed description is given in the evidence paper⁶.

Table 5

Education Sector	Reduction of expenditure in UK (£ million)
Higher Education	£3.0
Further Education	£2.0
English Language (private provision)	£4.9
Overall	£9.8

Economic Benefits

6.15 An increase in the application fee to £211 and £366 would allow IND to recover the additional administrative costs incurred in processing leave to remain applications since the fee was first set in August 2003.

6.16 IND would be able to raise £46 million in income to support the improvement of its services.

⁶ See footnote 5

6.17 Compared to options iii) and iv) a loss to the UK economy of up to £36 million can be avoided.

iii) Increase charges to reflect increased administrative costs and appeals Costs

6.18 Under this option the fee would increase from current levels to £250 (postal applications) and £500 (premium service). This price would reflect most of the increase in administrative costs incurred in processing leave to remain applications since the fee was set in August 2003, as well as the costs of providing an appeals system for unsuccessful applicants.

6.19 The risks associated with this option are the same as those identified in option (ii), although the likelihood that the risks could occur increases as the fees become higher.

6.20 In particular, there is a greater risk in option (iii) that students will be deterred from continuing their studies in the UK, because the level of application fee makes up a greater proportion of the total costs of undertaking a period of study. It is possible that this could particularly affect providers of English language tuition and further education courses, where students are progressing through levels of learning. However, there is no robust evidence on which to base an assessment of how frequently this occurs, or what proportion of leave to remain applicants are students who are seeking to extend their studies.

6.21 One mitigation of this risk could be that education providers bundle English language tuition or foundation courses into higher level qualifications, which would benefit both international student recruiters and students, by allowing the latter to seek leave to remain in the UK for the full duration of their course. Other consequences of this risk could be the development of different types of learning (e.g. the provision of on-line courses/distance learning; and the establishment of educational outlets overseas).

Economic Costs

To the Government

6.22 Application fees of £250 (postal) and £500 (premium) would not recover the costs of delivering enforcement activity associated with non-asylum cases, nor the full costs of administering the leave to remain service for students.. This would result in a loss in potential income to IND of £32 million in 2005-06.

To the Taxpayer

6.23 The provision of enforcement activity and some of IND's administrative costs would continue to be funded through general taxation, at a cost of £32million to the taxpayer in 2005-06.

To International Students

6.24 These fees increase the cost to a typical student of undertaking a year's study in the UK by the amounts shown in Table 6.

Table 6

Education Sector	% increase in cost of undertaking a year's study in UK	
	Postal applications	Premium applications
Higher Education	0.8%	2.1%
Further Education	2.5%	6.5%
English Language (private provision)	3.5%	8.9%

To the Education Sector

6.25 Assuming an elasticity of -0.5 for international students in higher education, and -1 for English language students and those in further education, and assuming that the only behaviour students adopt is to not further their studies in the UK (i.e. risk (c) in option (ii) above), we estimate⁷ the cost to the education sector of this option as:

Table 7

Education Sector	% reduction in leave to remain applications	Reduction in fees (£ million) from international students
Higher Education	0.6%	£2.9
Further Education	3.5%	£2.2
English Language (private sector)	4.8%	£5.9
Overall	2.7%	£11.0

To the UK economy

⁷ A full explanation of the economic model and assumptions used to calculate these costs is set out in Annex B and in the Evidence Paper, Section 6, available at www.homeoffice.gsi.gov.uk.

6.26 The consequent cost to the UK economy as a result of a reduction in international students is estimated to be:

Table 8

Education Sector	Reduction of expenditure in UK (£ million)
Higher Education	£5.6
Further Education	£3.7
English Language (private provision)	£9.1
Overall	£18.4

6.27 Table 8 takes the estimated decrease in LTR applications and multiplies it by the assumed total cost of being in the UK (tuition fees and living costs). A more detailed description is given in the evidence paper⁸.

Economic Benefits

To the Government

6.28 An increase in the application fee to £250 (postal) and £500 (premium) would allow the Government to recover most of the costs of administering the leave to remain service in 2005-06, as well as recovering the costs of providing an appeals system, including associated overheads. This option would raise £57 million in income in 2005-06.

To the Taxpayer

6.29 This option would save the taxpayer in the region of £57 million in 2005-06.

Social benefits

6.30 Students would benefit from improved services and communications activity, funded by the income from the application charges to a far greater extent than would be possible under option (ii). Improved efficiency and robustness of decision making resulting from this investment would support efforts to build public and customer confidence in the immigration control. This investment would complement measures by the education sector to ensure international students are welcomed and able to adapt easily to life in the UK.

(iv) Increase charges to reflect increased administrative costs, appeals and full enforcement costs.

⁸ See footnote 5

- 6.31 Under this option, the fee would increase from current levels to £454 (postal applications) and £669 (premium service). This option would recover the full administrative and associated costs in processing leave to remain applications; the costs of running the independent immigration appeals system; and the administrative and associated costs of delivering non-asylum enforcement activity. Such costs include casework processing, Immigration Service activity, detention costs and the costs of removal.
- 6.32 The fee levels associated with this option make the likelihood of the risks identified in options (ii) occurring even greater than in option (iii). In particular there is an increased risk that the charges reinforce negative perceptions of the UK as an expensive place to study, thus damaging the UK's ability to compete with other countries for international students (with a consequent reduction in fees).
- 6.33 There are a number of wider economic and social risks associated with a fee increase of this magnitude. These include potential:
- Loss of income to local economies dependent upon income from international students;
 - Inhibition of business' growth as a result of the loss of links to export markets;
 - Decline in the availability and quality of universities' research departments, resulting from the absence of post-graduate students;
 - Decline in the availability and quality of teaching, resulting from a loss of income from international students; and
 - Loss of diversity in the student body, and a consequent loss in their contribution to the cultural life and dynamism of educational institutions and the local community.
- 6.34 In addition, there may be more far-reaching costs to the UK, if those students who decide not to continue their studies and remain in the UK after graduation are qualified to practice in key shortage occupations, such as teaching or medicine.
- 6.35 We would only expect risks to occur if there was a very significant reduction in the number of international students coming to study in the UK. The available evidence and our economic analysis suggests that international students are unlikely to be that responsive to the price of an immigration application as they are likely to take into account the total cost of living in the UK to study and other personal and social factors.

Economic Costs

To international students

- 6.36 Postal and premium fees of £454 and £669 increase the cost to a typical student of undertaking a year's study in the UK by the following amounts shown in Table 9 below.

Table 9

Education Sector	% increase in cost of undertaking a year's study in UK	
	Postal applications	Premium applications
Higher Education	2.6%	3.6%
Further Education	8.0%	10.9%
English Language (private provision)	11.0%	14.9%

To the Education Sector

6.37 Assuming an elasticity of -0.5 for international students in higher education, and -1 for English language students and those in further education, and assuming that the only behaviour students adopt is to not further their studies in the UK (i.e. risk (c) in option (ii) above), we estimate⁹ the cost to the education sector of this option as:

Table 10

Education Sector	% reduction in leave to remain applications	Reduction in fees (£ million) from international students
Higher Education	1.4%	£7.3
Further Education	8.7%	£5.5
English Language (private sector)	12.0%	£14.5
Overall	6.7%	£27.3

To the UK economy

6.38 The consequent cost to the UK economy as a result of a reduction in international students is estimated to be:

⁹ A full explanation of the economic model and assumptions used to calculate these costs is set out in Annex B and in the Evidence Paper, Section 6, available at www.homeoffice.gsi.gov.uk.

Table 11

Education Sector	Reduction of expenditure in UK (£ million)
Higher Education	£13.8
Further Education	£9.2
English Language (private provision)	£22.5
Overall	£46

6.39 Table 11 takes the estimated decrease in LTR applications and multiplies it by the assumed total cost of being in the UK (tuition fees and living costs). A more detailed description is given in the evidence paper¹⁰.

Economic Benefits

6.40 This option would represent a significant step in achieving our objective of developing a self-financing system by generating £88.9 million in income in 2005-06. It would allow for the recovery of the full costs of providing the main elements of the immigration system (administration, appeals and enforcement) in relation to international students (and other leave to remain applicants) and would reduce reliance upon funding from general taxation significantly.

7. Equity and Fairness

7.1 These proposals do not discriminate on grounds of race, religion, nationality, gender, sexual orientation or political opinion. The fees are designed to be fair to all students who utilise the leave to remain service and be proportionate to the level of risk they represent to the immigration control, the quality of the service provided, and the benefits they receive.

7.2 IND has put in place a number of service improvements designed to limit the frequency with which international students need to apply for leave to remain in the UK in-country, whilst ensuring that the control is still robust and not open to abuse.

7.3 All students applying for leave to remain whilst in the UK benefit from the ability to appeal an unfavourable decision, should they wish to do so. As this provision applies equally to all, we believe it is fair for all leave to remain applicants to support the costs of delivering this service at a comparatively modest increase to the fee. Between August 2003 and July 2004, 3% of student leave to remain applications were refused. This compares to an average refusal rate for all leave to remain applications of 4%. According to provisional management information, there were around 5600 appeals lodged

¹⁰ See footnote 5

against refused leave to remain applications between August 2003 and July 2004, of which over a third were made by students. This is a significant proportion, which we believe justifies the inclusion of the appeals costs in the increased fee.

8. Consultation

8.1 The Home Office consultation 'Review of Charges for Immigration Applications' sought views on proposals to extend the principle of full cost recovery charging to include the costs of providing an appeals service and delivering enforcement activity for the following immigration services:

- Leave to Remain (LTR);
- Leave to Remain associated with an Immigration Employment Document (IED LTR)
- Highly Skilled Migrant Programme (HSMP)
- Sectors Based Scheme (SBS); and
- Travel Documents.

8.2 The Consultation was launched on 8 September 2004 and closed on 8 December 2004. The consultation document was available as a printed document and from the Home Office website at www.homeoffice.gov.uk. A representative sample of 1486 customers and stakeholders were sent consultation documents directly. These included:

- Other Government Departments (including devolved administrations);
- Individual applicants from the casework information database;
- the education sector, including universities, student advisors and student unions umbrella
- Representative organisations from all categories (including Universities UK, UKCOSA, English UK, the Association of Colleges); and
- Employers from the Work Permits (UK) database.

8.3 There were over 812 responses to the consultation on the section relating specifically to international students.

8.4 The responses indicated a range of concerns about the proposed increases to the leave to remain fees for international students. Key among these were:

- (a) Damage to the UK's competitiveness in a price sensitive market, in particular the risk that the UK is seen as increasingly and unsustainably expensive (caused by the relative cost of 'incidentals' including the immigration charges, as well as tuition fees, and the weakness of the dollar).
- (b) A perception that the UK is not a welcoming, student-friendly place to study;

- (c) A feeling that international students are seen purely as a source of income, (reinforced by the high tuition fees charged to international students compared to those payable by EU and domestic students); and
 - (d) A lack of benefits to international students from the increased fees.
- 8.5 Views concerning the recovery of appeals costs were split between a minority of respondents who felt the proposed fee was a fair reflection of the benefit of having the right to appeal an unfavourable decision, even if it is never exercised, and those who felt the charge was unfair to those students who did not benefit directly from the appeals system.
- 8.6 There was strong, widespread opposition to the proposals to recover the costs of enforcement activity (92% of respondents), from which it was argued many students would not directly benefit. Many respondents maintained that compliant and reputable applicants should not have to pay extra to cover the costs of those who are in breach of the immigration rules. The consultation showed that there is general consensus that enforcement activity should be funded through general taxation, in line with other public services which deliver a common good to the public.

9. Small Business Impact Test

- 9.1 The Small Business Service of the DTI have commented that although they accept that the student fee has not been increased in line with the general increase to all LTR applications, they are disappointed that the fee has increased significantly.
- 9.2 Due to the short-term nature of English Language courses and, the number of private businesses providing these courses, they are of the opinion that the effect will be more significant on this sector compared to other sectors within the education system. There is a risk that students will be deterred from continuing their studies in the UK, because the level of the LTR application fee makes up a greater proportion of the total costs of undertaking a period of study.
- 9.3 Responses to the 2004 fee review consultation indicate that these businesses feel they would be seriously affected by the proposed increases. They consider that the overseas student market is extremely price sensitive and in their particular sector overseas student would probably choose to leave the country and go elsewhere rather than pay the higher fee. They also state that the UK is already suffering as a high cost destination and any increase in these sorts of charges would have a negative effect on student numbers.
- 9.4 In order to assess the impact on small businesses, the Home Office ensured that the consultation document was sent to a random sample of small businesses. In addition the Home Office with the DfES and British Council

undertook a study to gauge the effect these fee increases the education sector.

- 9.5 Option iii) would lead to an increase of the cost of remaining in the UK to study English of 3.5% for those applying by post and by 9% for premium applications. Assuming a quarter of applications use the premium route this could lead to a fall in applications of 5%. This also assumes that for a 10% increase in the total cost of studying English Language in the UK then demand for leave to remain applications will fall by 10%. The Home Office, DfES and British Council feel this is a cautious estimate of the responsiveness of demand to price especially as the UK is seen as the best place in the world to study English¹¹. Using these assumptions we could see an impact on tuition fees of up to £6m for the English Language sector as a whole. The Home Office does not have data on the proportion of this sector that is Small Businesses.
- 9.6 Whilst the Home Office recognises that this sector is operating in an international market these students and the sector should not be fully subsidised by the general taxpayer via the Home Office.

10. Competition Assessment

- 10.1 In accordance with Cabinet Office guidelines we have undertaken the competition filter. We do not believe that competition within the private sector would be affected by this fee increase. This is based on the fact that the fee would apply equally to all students who are subject to immigration control. As such, these regulations would apply equally to all businesses within the educational sector whether they are start up companies or are well established.

11. Enforcement and sanctions

- 11.1 IND will not consider applications for leave to remain from students unless the prescribed fee accompanies the applications. Students who seek to remain in the UK without securing leave to remain will become overstayers and will be liable to removal from the UK.

12. Monitoring and review

- 12.1 IND monitors, on a monthly basis, the number of applications for student visas and leave to remain made by and granted to international students against forecast volumes. In addition, data showing the number of students arriving at UK ports is collated on a quarterly basis.
- 12.2 The Department for Education & Skills collects annual data from the Higher Education Statistical Agency on the number of overseas students at Higher

¹¹ MORI report.

Education institutions. UCAS data shows the number of undergraduate enrolments on an annual basis (although this is not comprehensive).

- 12.3 Further evidence will be gathered and discussed with the education sector to improve our understanding of why students apply for leave to remain once in the UK, and how the charges have impacted upon students' decision-making processes prior to any future change in the fee levels.
- 12.4 We will also continue to engage with our customer base through education sector participation in IND User-Panels and a new Joint Taskforce.

13. Summary and recommendation

Table 12

Option	Total cost per annum (compared to Option i)	Total benefit per annum (compared to Option i)
(i) Do nothing – retain current fees: £155 postal £250 premium	<ul style="list-style-type: none"> • None 	<ul style="list-style-type: none"> • None
(ii) Increase charges to reflect increased administrative costs, including overheads: £211 postal £366 premium	<ul style="list-style-type: none"> • Loss to education sector in tuition fees income of £5.9m • Additional loss to UK economy in student spending of £3.9m • Total: £10m* 	<ul style="list-style-type: none"> • Increased fee revenue, saving UK taxpayers £13m
(iii) Increase charges to reflect some of the increased administrative costs, overheads, and full appeals costs: £250 postal £500 premium	<ul style="list-style-type: none"> • Loss to education sector in tuition fees income of £11.0m m • Additional loss to UK economy in student spending of £7.4 • Total: £18m* 	<ul style="list-style-type: none"> • Increased fee revenue, saving UK taxpayers £23m

<p>(iv) Increase charges to reflect the full increased administrative costs, overheads, appeals and enforcement costs:</p> <p>£454 postal £669 premium</p>	<ul style="list-style-type: none"> • Loss to education sector in tuition fees income of £27.3m • Additional loss to UK economy in student spending of £18.3m • Total: £46m* 	<ul style="list-style-type: none"> • Increased fee revenue, saving UK taxpayers £55m
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* Total figures are rounded to the nearest million

13.1 In order to meet the Home Office’s aim of delivering a self-financing managed migration system and to continue to improve the service provided to customers, it is essential that application fees are increased to recover the costs of processing in-country applications. An important element of the immigration system is the provision of an appeals function, which is an (indirect) benefit for all students applying for leave to remain in-country, but is of no benefit to the public at large. On this basis we believe the saving to the taxpayer of an additional £23m which would be generated from increased fees of £250 for a postal application and £500 for the optional, premium service, is sufficiently significant to justify a potential cost of up to £11 million in lost tuition fees across the whole of the education sector. Informally, the Department for Education and Skills has indicated that they believe this cost could be absorbed by the sector. It is important to note too, that this is a ‘worst-case’ scenario and assumes both that international students are extremely responsive to changes in the price of a leave to remain application, and that international students will only alter their behaviour in one way (i.e. do not pursue their studies in the UK). Under this option the economic benefits outweigh the economic costs identified here by £5 million. We have noted the responses from the consultation in relation to a fee increase of this level, and have addressed the concerns raised in the Evidence Paper, published alongside this RIA.

13.2 However, we recognise that there is a significantly increased risk of creating a negative perception of the UK were fees to rise to the levels proposed in option (iv). We believe that both the cost to individual students and the potential losses to the education sector of income from tuition fees are disproportionate to the benefit of generating an additional £55 million in income. The consensus from the consultation document was that enforcement activity is of benefit to the public as well as individual applicants, and should be met, at least in part, by the general taxpayer. It would not be appropriate therefore to seek to save these costs to the taxpayer through the immigration application fee.

13.3 The Home Office’s recommended option therefore is Option (iii): to increase leave to remain application fees payable by international students to £250 (postal applications) and £500 (premium service).

14. Declaration

I have read the Regulatory Impact Assessment and I am satisfied that the benefits justify the costs.

Signed

Date

Minister's name, title, department

Des Browne, Minister of State, Home Office

Contact points

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Annex A

Costs to international students in UK

International students in Higher Education

Table 1 below shows the likely spending of an international student undertaking a year of study in higher education in the UK¹². This shows that the cost of applying to remain in the UK as a student will increase by 1.2% for those applying by post and 2.1% for those applying in person, as a result of the proposed charges.

Table 1 Cost of a Year in Higher Education

Tuition fees	£6,000
Living Expenses	£5,400
Total Basic	£11,400
Total with current charges*	£11,555 / £11,650
Total with proposed charges **	£11,735 / £11,900
Percentage increase as a result of proposed fees	1.5% / 2.1%

* £155 postal applications/ £250 premium applications

** £335 postal applications/ £500 premium applications

Source: Education UK Website. Living expenses data based on costs outside London, and for nine months.

It should be noted that tuition fees vary significantly within the UK depending on the type of course, and the above costs are conservative estimates designed to show the percentage increase as the largest proportion of total cost possible for higher education students. The total cost for postgraduate students and those students living in London is likely to be higher than this estimate, leading the percentage increases in cost to be lower than shown above. Postgraduates are likely to incur more than 9 months' living expenses in the UK and living expenses in London will be higher.

International students in Further Education

Less information is available for the cost of further education courses. As further education courses tend to be shorter, the total cost to an international student is likely to be lower.

¹² A course length of 1 year was used as a base assumption in the evidence paper. Although at least three fifths of international students in HE were on courses of more than 1 year in 2002/03 a year was used as a result of some concerns that leave was not always being given for the entire length of course. For courses of two or three years the percentage change will reduce significantly (by approximately a half and two thirds respectively)

Table 2 shows the average cost of undertaking a course of further education in the UK. Again, taking the most conservative estimate of the cost of further education (median of £3600) the proposed fees would represent an increase in cost to an individual student in further education of 4.7% for those applying by post and 6.5% for those applying in person.

Table 2: Average Cost of undertaking a course of Further Education in UK

Cost per Week- course	£300
Cost per Week- living	£138
Median Length of full time study week equivalents	7
Median Length of study	11
Mean Length of full time study week equivalents	18
Mean Length of study	26
Median Cost Of FE Course	£3600
Mean Cost Of FE Course	£9000
Median Cost of FE Course with current charges *	£3755/£3850
Median Cost of FE Course with proposed charges **	£3935/£4100
Percentage increase as result of proposed charges (postal/premium)	4.7%/6.5%

* £155 postal applications/ £250 premium applications

** £335 postal applications/ £500 premium applications

Source: Data on lengths of study from data provided by DfES from the Learning and Skills Council.

Note: Data on length of course was available for both part-time and full time courses rather than the length of taught study. Multiplying the median length of all courses by a cost per week reflecting full time costs would lead to an overestimate of the median cost of study – the cost of a week of part time study will be lower than that of full time study. Data on lengths of part time courses were converted into a full time study week equivalent. These give a measure of how many actual teaching weeks are bought. It is assumed that a part time course is 40% as intensive as a full time course and the cost of a 2 week part time course is therefore 40% of a 2 week full time course. Put another way it assumes that a 5 week part time course would cost the same as a 2 week full time course.

International students undertaking English Language courses

In Table 3, we have calculated an average total cost of study for English language students, by estimating the average length of an English Language course (data from English UK), and multiplying this by an estimate for a weekly cost of study and a weekly cost of living. The proposed fees would represent an increase in cost to an English Language student of around 6.6% for those applying by post and 8.9% for those applying in person..

Table 3: Average cost of undertaking an English Language course in the UK

Average Course Length (weeks)	6.6
Cost per week (tuition)	£250
Cost per week (living)	£138
Total weekly cost	£388
Total average cost of course	£2560
Total average cost of course including current charges	£2715/£2810
Total average cost of course including proposed charges	£2895/£3060
Percentage increase as result of proposed charges (postal/premium)	6.6%/8.9%

Mode of application used by international students (Premium and Postal routes)

In the period August 2003 to July 2004 (the year since the introduction of charging) around a quarter of students made applications through the Premium channel which offers a same-day service, at a cost of £250 (£95 more than the postal fee).

This management information is supported by a Home Office survey of 5000 students who applied for LTR during 2004 (conducted in November 2004) which showed that of 1000 respondents, 24% used the premium channel. Of those students responding to the survey who used the premium channel, 55% indicated that this was because they needed their passport back quickly or needed their documents processing on the same day. A further 28% indicated that they used this channel because they preferred the security of retaining their documents.

Conclusions

The sector in which a person is studying (higher education, further education, ELT etc) and the associated cost of that study, has an impact on a student's responsiveness to price. For students engaged in more expensive types of study (e.g. higher education courses) an increase in leave to remain charges is less significant in the context of overall costs, than it would be for, say, a student in further education. Similarly, although it is difficult to generalise, we might argue that students in London, where living expenses are high, are less likely to respond dramatically to a change in price than those students for whom the charge represents a more significant element of expected living costs, outside London and the South East.

Extract from paper on Improving the Evidence on International Students

Economic Impact Assessment: Student Numbers¹³

On the basis of the conclusions drawn from the available evidence, we have developed an economic model to help estimate what the likely decrease in student leave to remain applications might be as a result of an increase in leave to remain application fees.

It should be stressed that this is meant as an indicator of the possible impact to inform the debate and is not intended as firm prediction of student intake from April 2005.

Methodology

We have considered the impact of fee increases on students in higher education, further education and 'other' types of study (essentially English Language courses) separately. By assuming that the number of leave to remain applications are in proportion to the student numbers in each of the three sectors, we have calculated the average price of each of these types of study (course costs, living expenses) in order to consider the change in price that the increase in leave to remain fee would represent (note the limitations of this approach explained in the commentary on Section 1, page 16). The price changes are converted into a change (reduction) in leave to remain applications by means of an elasticity (the numerical measure of the responsiveness of demand to a change in price).

Assumptions

- 1) Leave to remain applications are assumed to be in proportion to overseas student numbers in higher education, further education and 'other', from the data sources deployed elsewhere in this report, as no Home Office data is available for the course types of students making leave to remain applications.
- 2) Students consider the course of study to be their final course of study in the UK.

Costs

- 3) The cost of higher education study is calculated on the basis of the data in section 5, based on the cost of studying for a year in higher education, not the full period of study.

¹³ Please note: the fee levels used in this analysis are based on the consultation options and therefore differ from those in the RIA. This Annex is included to show the methodology used to support the economic impact assessment set out in the RIA options.

- 4) The cost of further education study is calculated on the basis of the average length of a course in further education (taking into account the proportion of students who are part-time), the cost of living and an estimate of the weekly cost of study.
- 5) The cost of pursuing English language tuition is calculated on the basis of the average length of the course, the cost of living and the weekly cost of study.

Elasticities

- 6) The proposed elasticities are:

Table 25

HE Elasticity	-0.5
FE Elasticity	-1
ELT Elasticity	-1

Elasticities of between 0 and -1 are said to be relatively inelastic as when price increases by a certain percentage, demand falls by a smaller percentage. When look at the impact of assuming different elasticities it can be put simply. Doubling the assumed elasticity doubles the expected impact on demand (all other things remaining the same). Our assumed elasticities imply that for a 1% increase in price in all sectors, demand would fall by 0.5% in HE and 1% in FE and ELT.

There is not a lot of other research looking at the price elasticity of demand for HE students (let alone international students). One of the key determinants of elasticities is the availability of substitutes. Clearly there are other substitutes available to international students when they are considering where to study (some closer than others). However it is not the case that they are buying exactly the same good from each country (or indeed within each country). Earlier in the document the different benefits of education in different countries have been laid out (as well as the fact that cost is just one factor in the decision making factor). The UK is already recognised as being an expensive place to study, but has a very strong academic reputation.

For those already in the UK (those who will be applying for LTR) we would expect the elasticity to be lower still. At the most basic level, the fee increases being considered are sufficiently small that they would arguably be outweighed by the costs to a student of relocating to another country to continue further study. So it is unlikely that students would leave the UK as a result of these changes.

Also, here we are looking at the price elasticity of demand for the UK education sector as a whole rather than singular universities or colleges. Those who want to

continue studying in the UK but have a fixed budget which the fee takes them past may well be able to take the same course at another university or college which charges lower fees.

On the other hand, it is worth noting that the model assumes that students do not perceive there being a high chance that their application will be rejected (3% of student LTR applications were refused between August 2003 and July 2004). If this were higher, it is possible there would be a higher elasticity, which could result in a more significant impact.

On balance however, the elasticities assume a change in demand larger than some studies¹⁴ have shown, in order to produce a cautious analysis, which if anything, overestimates the impact of a price increase on student demand.

Results

Using these basic assumptions the impact of implementing charges of £380 for postal applications and £495 for premium applications are:

Table 26

Predicted Applications	188,000	Percentage change
Total Impact of change	- 8,804	-4.7%
Higher Education	- 845	-1.0%
Further Education	- 1,791	-6.1%
ELT	- 6,168	-8.4%
Resulting applications	179,196	

Under these highly conservative assumptions higher education is the least affected with an impact of 1%. Demand for further education under these conditions would decrease by 6% and a decrease of 8% would occur for ELT.

In conclusion, using the basic assumptions the model shows that an increase in the Leave to Remain Fee impacts little upon the numbers of students in higher education, but has a bigger impact on students in further education and other sectors (predominantly English language Tuition).

Sensitivity Analysis

The base assumptions give us a useful starting point for discussion as to what the likely impacts could be of the proposed changes. It should be noted however that these err significantly on the side of caution and could well significantly overstate some of the impacts that will arise.

¹⁴ For example, "The effects of tuition prices and financial aid on enrollment in higher education" Donald E. Heller 2001. Original estimates by Shires in "The Future of Public Undergraduate Education in California"

In order to test what the impact on student leave to remain applications would be if we change some of the basic assumptions, we used the model to undertake a sensitivity analysis for each of the sectors concerned.

This section sets out the results of the sensitivity analysis.

Higher Education

Elasticity

Under the basic scenario the impact on HE applications is projected to be a reduction in LTR applications of 1.0%.

If we change our assumptions about students’ responsiveness to price (the elasticity) we can see that this proportionally changes the size of the impact.

Table 27

		Elasticity				
		-0.5	-0.05	-0.1	-0.25	-0.75
Impact on applications (HE)		-1.0%	-0.1%	-0.2%	-0.5%	-1.5%

This table shows that imposing an elasticity similar to that found in California gives an impact of 0.1%. Looking at an elasticity of –0.25 leads to a fall of 0.5% in demand. It is hard to say exactly how responsive demand will be but our analysis of the evidence available suggests that it is highly likely to be lower than the base assumption of 1.0%.

Price of LTR

When considering impacts on demand we can also look at the impact of different fee levels for the LTR

Table 28

		Leave to Remain Fees (Postal /Premium)			
		Full cost recovery	Admin & overheads	Admin & appeals	Admin, appeals and partial enforcement
		£380/£495	£230/£345	£270/£390	£330/£450
Impact on HE applications		-1.0%	-0.3%	-0.5%	-0.8%

As we reduce the assumed LTR fees the increase in total cost is smaller. This leads to applications falling by less than they would with full cost recovery.

Total cost

Examining the sensitivity analysis around assuming different costs is also instructive. When relaxing the restrictive assumption of looking at the cost of just one year the impact almost halves as the total cost of study increases significantly.

Table 29

	Cost				
	Base	Higher basic	IDP average	Base with median length	Higher basic with median length
	£11,400	£14,300	£16,792	£21,409	£23,849
Impact on HE applications	-1.0%	-0.8%	-0.7%	-0.5%	-0.5%

The higher basic assumptions allows for the fact that average tuition fees are likely to be higher than the minimum of £6,000 and that post graduate will require living expenses for 12 months not 9 as in the base assumptions. This still only considers the cost of one years study, yet reduces the impact by around a fifth compared to the baseline.

The IDP average scenario looks at the cost of one year in HE as measured by median annual costs for three UG and three PG courses. [See annex X].

If you relax the restriction of looking at just one year, and then examine the base and higher assumptions with a median length of study then we see that a reduction of 0.5% is predicted rather than 1.0% as in the base assumption. HESA data shows that 70% of HE international students are on courses longer than 1 year.

Pulling this together it can be seen that the average total cost that students consider is likely to be more than in the base assumption and that their responsiveness to a given change in total cost is likely to be lower than assumed. It can therefore be seen that the expected impact on HE applications would be less than the 1.0% under the base assumptions.

Further Education

Elasticity

Under the base scenario the impact on FE applications is projected to be 6.1%.

Table 30

	Elasticity				
	-1	-0.25	-0.5	-0.75	-1.25
Impact on FE applications	-6.1%	-1.5%	-3.0%	-4.6%	-7.6%

There is much less information availability about the elasticity of FE. It is likely to be more responsive to changes in price than HE, but is still likely to be inelastic. I.e. between 0 and -1. In the lack of research on this the cautious assumption of -1 has been taken. Those students looking to go onto HE will have an elasticity approaching that of those in HE so the examples of elasticities of -0.25 and -0.5 are instructive to the lower levels of impact that might be expected. This, along with the point above suggesting these students are likely to be on longer courses could lead to the conclusion that the impact on such people considering an LTR application would be much less than other FE students.

Although the question also arise as to how many FE courses are need before moving into HE. If it's only one then actually many of the students will not need LTR at the FE point anyway as their leave to enter would cover it, the LTR application being made at the point that they want to into HE.

Price of LTR

Table 31

	Leave to Remain Fees (Postal /Premium)			
	Full cost recovery	Admin & overheads	Admin & appeals	Admin, appeals and partial enforcement
	£380/£495	£230/£345	£270/£390	£330/£450
Impact on FE applications	-6.1%	-2.1%	-3.2%	-4.8%

As we reduce the assumed LTR fees the increase in total cost is smaller. This leads to applications falling by less than they would with full cost recovery.

Total Cost

There are less variations on cost in Further Education in the model than in HE.

Table 32

	Median Cost	Mean Cost
	£3,597	£9,432
Impact on FE applications	-6.1%	-2.4%

By considering the mean length of an FE course then the total cost of the course increases significantly. This is because the mean length of study is higher than the median which is caused by a lots of people doing short courses with a significant minority doing much longer courses. These longer courses pull up the mean but does not affect the median. and has a large impact on the and the expected impact fall by more than half compared to the baseline. This is important as many of those looking to use FE to go into HE will be on the longer courses and so are less likely to have a higher total cost to consider.

English Language Tuition

Elasticity

Under the base scenario the impact on ELT LTR applications is projected to be a reduction of 8.4%. This assumes an elasticity of -1. Again little data is available but the MORI report showed that the UK was perceived as being the best place to learn English so -1 is most likely to be a conservative estimate.

Price of LTR

Table33

	Leave to Remain Fees (Postal /Premium)			
	£380/£495	£230/£345	£270/£390	£330/£450
Impact on ELT applications	-8.4%	-2.9%	-4.4%	-6.6%

As we reduce the assumed LTR fees the increase in total cost is smaller. This leads to applications falling by less than they would with full cost recovery.

Total Cost

The model only looked at one cost for ELT and is as discussed the assumptions part of this section.

As stated earlier this is mainly looking at the impact on ELT. The percentage impact for this category is higher than for HE and FE as this has a smaller total cost of study so the fee increases form a bigger proportion of total expenditure.

Many of the same arguments can be made for ELT as for FE. Those that are using this as route to HE may:

- a) Not actually need to apply for LTR at this level, and
- b) Be doing longer courses so their total cost will be higher and the leave costs lower in comparison.

Alternatively, they may add up the number of different leave to remain charges they will face and see them as prohibitive to entering, or progressing their education in the UK.

It might also be worth investigating reports that some Australian universities “bundle” their HE course with an English language course allowing a visa to be granted for the entirety of both courses. This would remove some of the need for sequential applications for known study progression.

Impact Assessment: Education Sector

An analysis of the impact of a price increase and reduction in student leave to remain applications on the education sector will be undertaken more fully in a Regulatory Impact Assessment.

Using a cautious estimate for student’s responsiveness to changes in price (i.e. assuming students are relatively sensitive to changes in the total cost of studying in the UK), we can see that on the basis of the maximum proposed price increase the number of student leave to remain applications could reduce by 4.7% overall in 2005-06. There would be most impact on the English Language sector than in Higher Education.

Table 34 below shows what impact a change in price would have on income from tuition fees from international students. This is based on an elasticity of 0.5% for higher education students and 1% for further education and English language students, and uses the and basic cost assumptions set out in Section 6.

Table 34: Financial impact on sectors

Sector	Cost Recovery Model			
	Full enforcement & appeals	Administrative Costs only	Administrative costs & appeals	Appeals and Partial enforcement
HE	-£5,071,000	-£1,763,000	-£2,673,000	-£3,996,000
FE	-£3,831,000	-£1,332,000	-£2,018,000	-£3,018,000
ELT	-£10,177,000	-£3,536,000	-£5,361,000	-£8,017,000
Total	-£19,079,000	-£6,631,000	-£10,052,000	-£15,031,000

This table multiplies the expected impact for each sector by the assumed tuition fee¹⁵. This is a cautious assessment which seeks to present a ‘worst case scenario’.

In the context of total spending (tuition fees) by students in higher education (estimated to be £1,258 million) and further education (£39 million) it would appear that this impact can be relatively easily absorbed by the higher and further education

¹⁵ Unlike the absolute model this table is less sensitive to assumption about the level of tuition fees. If we increase the assumed tuition costs then the total cost of study increases and therefore the impact of a price increase is smaller. However this smaller impact will be offset by a larger assumption of tuition fees. It does however still use the cautious base assumptions about elasticity which mean that this can be interpreted as a top end estimate and we’d expect the impact to be less.

sectors. A £10 million reduction in income in the English Language sector is potentially more significant, ELT institutions are likely to be much smaller businesses which are much less able to absorb fluctuations in the market. However, we do not believe this is a major cause for concern. The £10 million reduction is likely to be an overestimate of the impact because English Language students are not likely to be as sensitive to changes in price as we have assumed. In reality, it is likely that a good proportion of English Language students will seek leave to remain for to undertake courses in further or higher education.

Commentary

Using the information provided in section 5 and making assumptions this section has shown that the impact of the proposed increases of LTR fees can be estimated quantitatively. The base estimates predict decreases in LTR applications of around 1%, 6.1% and 8.4% for students considering continuing their education in the HE, FE and ELT sectors respectively.

We recognise that these estimates are dependent on various assumptions. Generally we feel that these assumptions are reasonably conservative and so analysed the numerical impact of changing assumptions around students' responsiveness to change in total cost and the total cost of study. As we increased the total cost or assumed student to be less responsive to changes in cost, the expected impact went down. We also looked at the impact that different fee ranges within the proposed changes would have.

Bearing in mind the assumptions we made about elasticity we then produced estimates of the impact on the sectors (through lost income) that the base estimates would have. The lost revenue was estimated to be around £5m , £4m and £10m for the HE, FE and ELT sectors respectively.