

Russell Group evidence to the Migration Advisory Committee call for evidence: salary threshold and points-based system commission

1. Summary

The UK's world-leading status in higher education and research is dependent on our ability to recruit and retain skilled international staff. International talent at Russell Group universities plays a crucial role in underpinning excellence across education, research and innovation; helping the UK to maintain its position as a world-leading research nation and playing a critical role in educating future generations.

- Extending minimum salary thresholds for entry and settlement to EU nationals will seriously hamper the recruitment and retention of skilled workers vital to UK R&D. This would have a negative impact on the operational, teaching and research functions of Russell Group universities and many others across the UK. Our analysis shows the impact would be particularly acute for part-time workers, especially women, specialist technical staff and early-career researchers.
- Based on the evidence, we recommend the MAC should make proposals to:
 - **Remove salary requirements as a necessary condition of entry for skilled workers, for example by introducing a sponsored points-based route** that judges applicants based on factors reflecting their skills and value to UK research. This could supplement or replace Tier 2 or take the form of **a new Global Talent visa route** that does not rely on candidates meeting a minimum salary threshold. This would enable UK universities to recruit the global research talent they need, including skilled technicians.
 - **If this is not possible in the short-term** and Tier 2 is to include minimum salary requirements, these requirements should be significantly reformed before they are extended to EU nationals in a new system. Reforms should include:
 - **Calculating salaries pro-rata to reflect modern ways of working** and allow the recruitment of part-time staff to avoid discriminating against women and early-career researchers.
 - **Reflecting occupational variation in salary so applicants must meet the lower of occupation or general salary thresholds.** Currently, applicants must meet the higher of the national or occupational thresholds, meaning applicants may have to meet higher thresholds than the recognised average rate for their occupation. This will inhibit the recruitment of skilled technicians.
 - **Lowering the experienced worker threshold to £21,000.**¹ In the absence of a new points-based route that relies on skill rather than salary, or the modifications to existing salary thresholds proposed above, an experienced worker rate of £21,000 would allow Russell Group universities to recruit skilled workers integral to research.
 - **Re-evaluating minimum salary thresholds for indefinite leave to remain (ILR) and the 6-year cut off for skilled work visas.** A new minimum salary threshold for ILR should reflect average national pay progression for recent graduates and experienced workers.
- Points-based routes could help deliver an immigration system that supports the UK's ambitions within research and innovation. However, clarity is needed on who points-based routes would aim to recruit; what employer involvement would be; and what rights these routes would grant. Points-based routes used elsewhere differ from country to country, so the impact of new routes will depend on their design.

¹ At the experienced worker rate

2. Context

- 2.1 The purpose of the Russell Group is to provide strategic direction, policy development and communications for 24 research-intensive universities in the UK. We aim to ensure that policy development in a wide range of issues relating to higher education is underpinned by a robust evidence base and a commitment to civic responsibility, improving life chances, raising aspirations and contributing to economic prosperity and innovation.
- 2.2 Our submission has been informed by Russell Group universities' responses to questions in Annex B of the call for evidence, collected by the Universities and Colleges Employers Association (UCEA).² This is supplemented by analysis of datasets provided by the Higher Education Statistics Agency (HESA).³
- 2.3 Nearly 48,000 staff at Russell Group universities are from outside the UK, representing 26% of all staff. Overseas staff are essential to the teaching, research and operational functions of UK universities. International staff are particularly important for teaching and research in strategically important areas, including STEM disciplines and modern languages. International staff also attract inward investment and benefit local economies.⁴
- 2.4 Turbocharging the UK's research sector and meeting cross-party ambitions to increase R&D spending to 2.4% of UK GDP relies on increasing the number of domestic and international skilled staff at UK institutions.

3. Minimum salary thresholds for entry

- 3.1 The 2018 immigration White Paper⁵ proposed to extend⁶ minimum salary thresholds to £30,000 (experienced workers) and £20,800 (new entrants).⁷ The £30,000 experienced worker threshold is meant to reflect the 25th percentile of earnings in occupations eligible for the Tier 2 visa route. We welcome the MAC's proposal to lower the skills threshold so that RQF3 and 4 occupations are eligible for the Tier 2 route. Including these lower skilled jobs on the Tier 2 route will likely mean the 25th percentile earnings of Tier 2 occupations decreases, since lower skilled jobs typically receive lower wages. However, the MAC has proposed to retain the £30,000 threshold, rather than lower it in line with a new calculation of the 25th percentile of earnings for Tier 2 occupations. This will mean applicants to RQF3 and 4 roles are likely to be ineligible for these roles, which undermines lowering the skills threshold.
- 3.2 £30,000 is also the average salary the MAC determines EEA migrants to be fiscally neutral, above which point taxes generated exceed the state benefits received.⁸ However, this is a narrow view of the benefits migrant workers bring to the UK. Instead, entry criteria should reflect a range of national objectives, including ambitions to strengthen the UK's economy and boost productivity through growing research and innovation capability.
- 3.3 In response to the questions posed by the MAC in its call for evidence, 85% of Russell Group universities either agreed or strongly agreed minimum salary thresholds should be tailored for new entrants – **initial earnings for graduates are typically lower than experienced workers and if minimum salary thresholds are retained they should reflect this.**

² 20 of 24 Russell Group universities provided responses to this.

³ EY analysed HESA data in March 2019, with a new dataset analysed by the Russell Group in October 2019.

⁴ At one Russell Group university, current tier 2 researchers have attracted funding awards totalling over £120m

⁵ UK Government, The UK's future skills-based immigration system, December 2018.

⁶ We use 'extend' throughout, since the minimum salary thresholds proposed by the MAC are already in place for non-EEA, non-UK workers.

⁷ Or the 25% percentile of earnings for that role, whichever is higher—applicable for both thresholds stated.

⁸ The MAC (2018), EEA migration in the UK: Final report.

- 3.4 While universities did not report significant challenges with existing thresholds for entry, there are concerns that extending these thresholds to EU nationals would prevent them from being able to recruit some skilled talent. This is because EU nationals apply for a wider range of positions than international applicants and would likely be excluded from these roles were existing minimum salary thresholds extended.⁹
- 3.5 Our analysis of Russell Group staff data shows the negative impacts of minimum salary thresholds for entry will be particularly acute for the recruitment of part-time workers, teaching and education professionals (including early career researchers and academics), the social and natural sciences and technical staff working in STEM areas.

Part-time workers

- 3.6 26% of Russell Group staff are employed on a part-time basis.¹⁰ However, minimum salary thresholds are based on actual salary. Not including pro-rated salaries therefore discriminates against part-time workers not because of skill level, but due to hours worked. This policy would have an impact on universities' ability to offer part-time working and would be at odds with university commitments to support flexible and inclusive working environments, including for new parents and carers. Women also comprise the majority (72%) of the part-time workforce, which means this policy is likely to discriminate against women in particular.
- 3.7 Minimum salary thresholds which are not pro-rated are also likely to impact on the recruitment of teaching professionals.¹¹ This group includes early-career researchers and academics. Of those earning less than £33,000, 69% are on part-time contracts¹² and only 9% would likely have been eligible for a new entrant's threshold.¹³

Table 1: Recruitment data for higher education teaching professionals at Russell Group universities: academic years 2016/17 and 2017/18¹⁴

| Total EU higher education teaching professionals recruited academic years 16/17, 17/18 | Salary less than £33,000 | Of which part-time | Number of those recruited at less than £33,000 likely eligible for new entrant's threshold |
|---|---------------------------------|---------------------------|---|
| 3,327 | 1,440 | 1,000 | 140 |

⁹ As per the MAC's recommendations, caps on skilled (tier 2) labour should be removed. Having caps on skilled labour risks minimum salary thresholds increasing in months where the quota for skilled workers has been met. Our analysis throughout assumes these caps will be removed.

¹⁰ The average EU part-time employee at RG universities works 0.5 of a full-time equivalent role.

¹¹ Universities will employ two occupation types under activity SOC (231) 'Teaching and Educational Professionals': 'senior professionals of educational establishments' (SOC 2317), with an experienced threshold of £40,200, and 'higher education and teaching professionals' (SOC 2311), with an experienced threshold of £33,000. HESA data used for this response is not broken down to these '4-digit' levels. However, universities reported they employ proportionally negligible numbers of international 'senior professionals of educational establishments' in activity SOC 231. Our analysis therefore assumes all occupations in SOC 231 are higher education and teaching professionals.

¹² Based on recruitment data provided by HESA for the academic years 16/17 and 17/18.

¹³ Our analysis looked at numbers of those who had been recruited at the end of study at a UK university and under the age of 26 at the point of application who earned less than experienced worker salary thresholds, but above the new entrant threshold. For teaching and education professionals, we used the higher education teaching professional (SOC code 2311) new entrant threshold of £26,500. As HESA salary data is provided to the nearest thousand, we estimated that those in the £26,000-£27,000 bracket were evenly split between those earning less and greater than £26,500.

¹⁴ HESA data does not allow us to include those who may have entered on a salary paying less than £33,000 but now earn a wage equal or greater than £33,000. Using the last 2 years minimises the limitations of this data, since smaller proportions of these staff will have made this transition.

3.8 Over the last 2 years, Table 1 shows Russell Group universities recruited an average of 770 skilled EU Teaching and Educational Professionals a year to roles paying less than £33,000 – the occupation threshold for higher education teaching professionals. If extended at existing levels, minimum salary thresholds that are not pro-rated are therefore likely to impact the UK’s ability to attract talented early-career academics and researchers.

Most impacted occupations

3.9 While the MAC’s recommendation to lower the skills threshold to RQF3 is a welcome step,¹⁵ extending a minimum salary threshold of £30,000 to EU nationals will still be a significant barrier to the recruitment of some skilled workers in RQFs 3, 4 and above. The most impacted skilled occupations are likely to be in SOC activity areas **Science, Engineering and Production Technicians; Teaching and Educational Professionals; and Natural and Social Science Professionals**.¹⁶

3.10 Russell Group universities currently employ 20,700 EU nationals working in these SOC codes. These skilled roles are critical to teaching and research, for example lab technicians can be responsible for maintaining complex computer equipment, processing biological samples and collecting and interpreting data. Analysis from the Russell Group shows approximately 90% of international technicians at Russell Group universities are educated to degree level or above, with 25% holding PhDs.¹⁷

3.11 18% (3,700) of EU staff working at Russell Group universities in these 3 staff groups earn below current minimum salary thresholds.¹⁸ It is likely that only 8% (310) of these staff would have been able to enter on a lower new entrant’s minimum salary threshold.¹⁹

3.12 We have estimated the impact of extending minimum salary thresholds on the recruitment of these professionals, shown in Table 2 below.

Table 2: Highly conservative estimate of impact of minimum salary thresholds on selected skilled professions

| Minimum salary thresholds ^{20 21} | Number of skilled employees thresholds will prevent Russell Group Universities recruiting annually if extended to EU nationals | | | |
|--|--|---|--|-------|
| | Teaching and educational professionals | Science, engineering and production technicians | Natural and social science professionals | Total |
| Extending current thresholds ²² | 700 | 150 | 230 | 1,230 |
| £30,000 | 420 | 150 | 230 | 800 |
| £25,000 | 50 | 55 | 25 | 130 |
| £21,000 | 10 | 25 | 10 | 45 |

¹⁵ While welcome, many RGU EU employees would still have been prevented from entering the UK based on this proposal. For example, large numbers of staff working in administrative roles are not skilled to RQF3 or above.

¹⁶ Activity SOC codes 311, 231 and 211.

¹⁷ Russell Group (2017) Impact of Brexit on the technical workforce at Russell Group universities.

¹⁸ This includes those earning below the £33,000 experienced worker rate for higher education teaching professionals.

¹⁹ Based on a weighted average of proportions of those eligible for new entrant thresholds for each SOC activity.

²⁰ This has factored those likely to be eligible for a new entrant’s threshold. We have used a £20,800 new entrant threshold, apart from Teaching and Education Professionals where we have applied the SOC 2311 thresholds.

²¹ For rows ‘£30,000’, ‘£25,000’ and ‘£21,000’, we have assumed minimum occupation salary thresholds will not apply.

²² I.e. the general experienced worker threshold or minimum salary thresholds by SOC code—whichever is higher.

- 3.13 Based on this data,²³ if current recruitment levels remain constant, **extending current minimum salary thresholds would prevent at least 1,200 skilled EU nationals from taking up roles in these occupations at Russell Group universities every year.**
- 3.14 Our analysis in Table 2 is a highly conservative estimate of the impact minimum salary thresholds would have in a new immigration system as our analysis does **not** factor:
- The technical workforce is ageing and will need replacing. To replace those retiring, UK institutions will have to recruit an estimated 70,000 new technicians every year.^{24 25}
 - Plans to grow R&D investment from 1.69% to 2.4% of UK GDP, which will require a growth of staff integral to research;
 - Increasing reliance on EEA nationals to fill skilled professions which are in domestic shortage. For example, the proportion of EEA and non-EEA technicians at UK universities has grown by 6% and 8% in the last 2 years respectively;²⁶
 - Those skilled non-UK, non-EU nationals Russell Group universities would continue to be prevented from employing;
 - Those starting on less than £30,000 who have now progressed to salaries above this.²⁷
- 3.15 **If thresholds are to be used as a necessary condition for entry for skilled workers, and there are no other reforms to minimum salary thresholds (e.g. no pro-rated salaries), the experienced minimum salary threshold should be lowered to £21,000 in order to minimise the impact on the recruitment of skilled workers.** This would allow Russell Group universities to not only retain existing recruitment levels of EU nationals, but to recruit more skilled international workers in line with ambitions to develop UK research strengths further.

Salary variation by occupation

- 3.16 As shown in Table 2, extending minimum salary thresholds would prevent the recruitment of at least 150 science, engineering and production technicians from the EU each year.
- 3.17 Significant occupational variation in salary levels exists, as recognised by varying 4-digit SOC code salary rates listed in the Immigration Rules. Applicants are asked to meet the occupational salary rate or the national minimum salary threshold, whichever is higher. This is even true for roles listed on the Shortage Occupation List.
- 3.18 Skilled occupations at RQFs 3 and 4 will likely have lower wages than those skilled at RQF6 and above. Applicants in occupations skilled at RQF3 and 4 are often asked to meet a higher threshold than what is recognised as the average rate for their occupation. Table 2 demonstrates the impact of having to meet the higher of the 2 thresholds for Higher Education and Teaching Professionals. If Higher Education and Teaching Professionals were to meet the £30,000 salary threshold instead of the current salary threshold for their occupation code (£33,000), Russell Group universities would be able to recruit 280 more of these skilled workers each year from the EU alone, or 690 more at a threshold of £21,000.

²³ Using HESA data for those recruited in the academic years 16/17 and 17/18.

²⁴ The Gatsby Charitable Foundation (April 2017), Building our Industrial Strategy.

²⁵ This includes IT technicians, as well as the roles listed above.

²⁶ Cited in the Universities UK response to the MAC commission on salary thresholds and points-based systems.

²⁷ Though we have attempted to minimise this limitation by looking at recruitment data over a shorter time period.

3.19 If the MAC recommends a £30,000 experienced worker salary threshold, we propose occupational thresholds **be maintained and visa applicants asked to meet either the national visa threshold or the salary rate for their occupation, whichever is lower.**

3.20 Table 3 illustrates the impact of the current minimum salary threshold rules for technical roles which would be eligible for sponsorship under a lowered skill threshold of RQF3. Average national salaries in these professions are significantly lower than the current £30,000 salary threshold. Asking these skilled technicians to meet the lower of the national salary rate or the salary rate for their occupation would enable UK universities to employ skilled technicians, where average national salaries are below £30,000.

Table 3: Salary thresholds in selected technical occupations by SOC code and skill level, updated October 2019

| SOC Code | Occupation | New Entrant Salary | Experienced Worker Salary | Skill Level | Average Salary |
|----------|---|--------------------|---------------------------|-------------|----------------|
| 3116 | Planning, process and production technicians | £17,800 | £24,400 | RQF 4 | N/A |
| 3131 | IT operations technicians | £19,100 | £23,800 | RQF 4 | N/A |
| 3111 | Laboratory technicians | N/A | N/A | RQF 3 | £17,700 |
| 3112 | Electrical and electronics technicians | N/A | N/A | RQF 3 | £27,100 |
| 3113 | Engineering technicians | N/A | N/A | RQF 3 | £28,000 |
| 3114 | Building and civil engineering technicians | N/A | N/A | RQF 3 | £21,600 |
| 3119 | Science, engineering, and production technicians not elsewhere classified | N/A | N/A | RQF 3 | £21,100 |

Further issues

3.21 Russell Group universities have experienced further issues with existing minimum salary thresholds for entry:

- Early career researchers whose age is above 26 must meet the experienced worker rate, despite transitioning from HE studies to employment.²⁸
- New entrants have to meet the experienced worker rate after 3 years to continue working in the UK. This does not reflect earnings progressions for UK graduates.²⁹

Proposed solutions

3.22 Given the challenges identified above, we propose existing thresholds should be reformed significantly before EU nationals are brought under the new immigration system. If minimum salary thresholds for entry are maintained, we urge the MAC to pro-rata salaries to accommodate part-time workers. In the longer-term, a sponsored, points-based skilled

²⁸ 200 EU teaching and education professionals recruited in the last 2 years and earning less than £33,000 would not have been eligible for a new entrant's minimum threshold, despite transitioning from higher education studies to employment, as they were 26 or over when recruited from HE study to employment. This definition of new entrant therefore will prevent the recruitment of some early-career researchers and academics finishing their PhDs.

²⁹ Median real earnings for graduates of UK universities are £22,000 after 3 years, as reported in Graduate outcomes (LEO): outcomes in 2016 to 2017.

worker route should be designed, which does not rely on salaries as a condition of entry. In either of these cases, a Global Talent Visa could be adopted which covers all disciplines integral to research. We recommend MAC proposes:

- **Introducing a sponsored points-based³⁰ skilled worker route** which means salary is no longer a necessary condition of entry. This would mean individuals could have a combination of points (e.g. based on whether they had a job offer; the highest qualification held; and whether the applicant was filling a role on the shortage occupation list) that allowed them entry to the UK, without having to meet salary requirements.³¹ This could be in the form of a **Global Talent visa** designed to allow trusted research institutions to recruit the staff they need to lead and support research and innovation – including technicians.³²
- **Modification to existing minimum salary thresholds.** If minimum salary thresholds are to be a necessary criterion of entry, they should be at levels which allow UK universities to attract skilled workers, including technical staff. We urge the MAC to consider pro-rated salaries, variation by occupation and the retention of lower thresholds for recent graduates of UK universities. **In the absence of other reforms to minimum salary thresholds,** lowering the experienced worker threshold to £21,000 would allow Russell Group universities to recruit skilled international workers integral to research.

4. Minimum salary thresholds for settlement

- 4.1 Minimum salary thresholds for settlement could prevent UK institutions from retaining skilled workers. Currently, non-UK, non-EU nationals can stay in the UK to undertake skilled work for a maximum of 6 years before they must apply for indefinite leave to remain (ILR). To be eligible for ILR, these workers must meet a minimum salary requirement. By April 2024, this minimum salary threshold will be £40,100.³³
- 4.2 This would mean graduates of UK universities who are eligible for a new entrant threshold and have a starting salary of £20,800 would have to increase their salaries by nearly £20,000 in 6 years in order to remain in the UK. This is considerably higher than average pay progression for UK graduates. This threshold could therefore prevent Russell Group universities from retaining skilled employees they have spent 6 years training.
- 4.3 Over a third of Russell Group universities surveyed³⁴ reported that existing income thresholds for settlement were above the incomes of those applying to settle. Further, some reported staff often did not wish to settle long-term in the UK after the end of their work visa and the requirement to apply for settlement acted as a push factor in some leaving the country earlier than they otherwise would have done.
- 4.4 To allow employers to retain staff they have spent resource training, we recommend Government:
 - **Allow skilled workers to extend their stay without applying for settlement.** Russell Group universities report that some skilled workers would rather extend their Tier 2 visa than apply for settlement.
 - **Lower the minimum salary threshold for settlement.** *If* skilled workers must apply for settlement at the end of their work visa to remain in the UK, current rules mean they will

³⁰ Sponsored or unsponsored.

³¹ NB this could mean either removing salary completely from any points-based route, or including it, but so that workers can have other characteristics that give them enough points without having to factor salary.

³² Government stated this visa will have no salary requirements, showing the importance of factors beyond salary.

³³ Home Office Immigration rule changes September 2019

³⁴ Of 20 Russell Group universities who responded to the question.

have had to increase their salary by up to £19,300 from 2024.³⁵ If settlement thresholds are to be retained, they should be lowered commensurate with average national pay progression from new, lower minimum salary thresholds for entry.

5. Points-based routes and the implications for Russell Group universities

- 5.1 While the Australian immigration system has points-based routes, such as the Skilled Independent route, the system is not points-based in its entirety. Government's commitment to a points-based system that replicates the Australian model is therefore ambiguous, making it challenging to respond to this element of the consultation.
- 5.2 Points-based routes could take on a variety of forms: both sponsored and unsponsored routes replacing or augmenting the existing Tier 2 system; a temporary work route or one granting settlement; the proposed 'Global Talent Visa'; or the entire immigration system could be redesigned to include points calculations for various routes.
- 5.3 **While we understand the MAC was asked to consider points-based systems in addition to its consultation on minimum salary thresholds, the complexity of this issue merits further consultation.**
- 5.4 Cross-party plans to grow the UK's R&D capacity will rely on the UK's ability to attract and retain skilled international workers. Points-based routes could be one way to achieve these goals, depending on the design of these routes and the underlying capacity to operationalise them. If designed appropriately, a points-based route could:
- Help circumnavigate the challenges posed by minimum salary thresholds.
 - Enable international graduates of UK institutions to transition to skilled work.
 - Accelerate recruitment for trusted universities and research institutions, enabling a dynamic research sector.
- 5.5 When surveyed, Russell Group universities listed the following characteristics as factors which could be featured in new, points-based routes: having a job offer; priority occupations; education attainment; work experience.

Potential challenges

- 5.6 If designed poorly, points-based routes could damage the competitiveness of the sector. Potential challenges could include:
- **Delays in visa application decisions caused by a build-up of English language tests.** If English language tests have differently weighted scores that need manual marking, there could be a bottleneck of those waiting for their results.
 - **The criteria could be more restrictive than current skilled work routes.**
 - **Wider, important reforms are deprioritised.** Points-based routes must be considered in parallel with reforms to other aspects of the current system. For example, the UK's visa and associated fees are three times higher than the average tech-leading nation.³⁶
 - **A lack of substantive consultation on the design of these routes.** Once there is further clarity on who points-based routes are designed for, the Russell Group welcomes the opportunity for further discussions.

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³⁵ For those entering as a new entrant and receiving an initial wage of £20,800

³⁶ The Royal Society (2019), UK science and immigration: why the UK needs an internationally competitive visa offer