

Call for evidence on Tier 2 minimum salary thresholds

Response from the Russell Group

1. Summary

- Excellent international staff and students are indispensable for world-class universities and a thriving society, culture and economy. The ability to recruit the 'brightest and best' talent from overseas (as well as from within the UK) is essential to the future sustainability of research-intensive universities and to maintain the UK's position on the global stage as a world-leader in research, innovation and education.
- Universities with the best academics are able to attract the best postgraduates and early career researchers who then play a critical role in advancing knowledge and educating future generations of students – they underpin the UK's world-class reputation, attract overseas investment and help generate billions for the economy.
- We are concerned about the impact that an increase in the minimum salary thresholds for Tier 2 could have for our universities; both in their ability to attract and retain international staff across a range of roles, and in the attractiveness of the UK for international students who may find it harder to switch from Tier 4 into Tier 2.
- The current salary thresholds for PhD-level positions (researchers and teaching professionals) work well in enabling universities to recruit new entrants and experienced workers. Under the proposed changes, our universities would no longer be able to sponsor a number of international staff members under Tier 2 as they would have neither the ability nor the resources to increase salaries accordingly. Similarly, it would become much more difficult to recruit new staff, particularly at the experienced worker level, and for individuals to make the leap between a new entrant and an experienced worker salary.
- The proposed changes would very likely result in the UK losing talented international staff to overseas competitors.
- The Migration Advisory Committee has previously acknowledged that earnings thresholds alone are not fit for purpose as a proxy for the level of skill and specialisation necessary to undertake research and teaching roles in universities. We hope that the MAC will continue to take the same approach so that universities are able to attract and retain highly skilled researchers, scientists and academics who drive forward the UK's innovative knowledge economy.
- The MAC should also be cautious in recommending any increase in the current minimum salary for Tier 2 (£20,800) as this could impact on some roles at universities disproportionately, in particular early career researchers.
- If a decision is made to increase the minimum salary thresholds for Tier 2, separate arrangements should be made for international students transferring from Tier 4 into Tier 2 to avoid any negative impacts on the UK's competitiveness in international education.

2. Context

- 2.1 The purpose of the Russell Group is to provide strategic direction, policy development and communications for 24 major 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 We welcome the opportunity to provide evidence to the Migration Advisory Committee (MAC) on proposals to increase the minimum salary thresholds under the Tier 2 visa route. The MAC has been asked to consider the impact of:
- (a) Increasing the Tier 2 (General) minimum salary threshold of £20,800 to a level that better aligns with the salaries paid to highly-specialised experts or individuals filling skills shortages skilled to NQF level 6 or higher
 - (b) Increasing the Tier 2 minimum salaries per occupation for experienced workers from the 25th percentile to the 50th or 75th percentiles
 - (c) Increasing the Tier 2 minimum salaries per occupation for new entrant workers from the 10th percentile to the 25th or 50th percentiles
- 2.3 We are concerned that the very short timeframe in which this consultation is being undertaken may preclude a comprehensive and detailed analysis of the various issues affecting salaries for Tier 2 migrants, meaning that there is an increased risk of unintended consequences as a result of any changes brought forward. We look forward to engaging further with the MAC during the wider review of Tier 2 to be undertaken over the summer.
- 2.4 Russell Group universities have a strong track record of success in attracting highly skilled and internationally mobile students, academics and researchers from overseas. Our universities use the Tier 2 route to recruit the majority of the highly skilled international (non-EU) staff at their institutions and the route is currently working well for this purpose, providing a 'tried and tested' avenue for international staff undertaking a range of roles and at different stages of their careers. The Tier 2 route also provides an opportunity for international graduates of our universities to remain in the UK in order to undertake highly skilled graduate employment.
- 2.5 **Excellent international staff and students are indispensable for world-class universities and a thriving society, culture and economy. The ability to recruit the brightest and best talent from overseas (as well as from within the UK) is essential to the future sustainability of research-intensive universities and to maintain the UK's position on the global stage as a world-leader in research, innovation and education.**
- 2.6 A reduction in the ability of our universities to recruit and retain global research and teaching talent could damage the UK's research environment, making it harder to attract grant funding, particularly from overseas sources, and potentially affecting the quality of research and teaching, and our ability to collaborate internationally.
- 2.7 Following the removal of the Post-Study Work route, any further restrictions placed on the ability of international students to move into work routes in order to remain in the UK after graduation risks damaging the UK's competitiveness in the international education market.

- 2.8 **In summary, we are concerned about the impact that an increase in the minimum salary thresholds for Tier 2 could have for our universities; both in their ability to attract and retain international staff across a range of roles, and in the attractiveness of the UK for international students who may find it harder to switch from Tier 4 into Tier 2.**

3. Increasing the minimum salary thresholds for Tier 2 could hinder our universities in attracting and retaining highly talented international staff

Impact on specific occupations

Researchers (SOC code 2119)

- 3.1 The majority of occupations to which our universities recruit international staff through Tier 2 are research positions categorised as ‘Natural and Social Science professionals’ under SOC code 2119; the current new entrant level salary for this code is £21,000 and the experienced worker salary is £27,200. Increasing the salary thresholds to the 25th (£29,518) and 50th (£35,860) percentiles for new entrants and experienced workers respectively would significantly hinder our universities in being able to attract and retain early career researchers in particular.¹ It is already difficult for universities to recruit for such posts at the experienced worker level due to financial restrictions put in place by external funding bodies; this would become more of a problem if the salary levels are increased as proposed. Existing employees are also likely to be affected when renewing their visas, as their salaries will not have increased enough naturally to match the new proposed salary level. Increasing the minimum salary thresholds as proposed risks preventing early access by globally mobile and highly sought-after researchers to the research environment within the UK’s leading universities and the UK losing out on accessing and retaining the best talent.
- 3.2 Our universities will also experience problems recruiting research fellows and postdoctoral researchers under the proposed changes. Many such individuals are not eligible for the new entrant category and so can only come in under the experienced worker route, where a move to the 50th percentile would mean the minimum salary would outstrip current pay levels significantly. This would place a greater financial burden on universities to increase pay levels, raising issues of equality with the potential for international staff being paid at a higher rate than domestic staff, and skewing market salaries.
- 3.3 We would be even more concerned if the proposal to move the new entrant salary to the 50th percentile and the experienced worker salary to the 75th percentile is considered, as suggested in the consultation document, as this would effectively cut off the pipeline of international research talent into our universities for all but the most senior roles.

HE Teaching Professionals (SOC code 2311)

- 3.4 A considerable number of international staff on Tier 2 at our universities are categorised as HE Teaching Professionals under SOC code 2311, including lecturers,

¹ 25th and 50th percentiles taken from ASHE data 2014 as current salary thresholds are based on salary data provided by Universities, UUK and UCEA where it is not possible to calculate percentiles.

language instructors, readers and professors. Again, the proposal to increase the minimum salary thresholds for both new entrants and experienced workers would seriously restrict universities from attracting and retaining staff in some key roles, in particular lecturers and language instructors.

- 3.5 In order to be a lecturer, individuals must have a higher degree and tend to have extensive experience meaning that the majority of lecturer posts do not meet the criteria for the new entrant level, and so sponsorship must be based on the experienced worker level. Lecturers currently sponsored under Tier 2 may be affected by the proposed changes as their salaries are not likely to increase naturally enough over time to enable their visas to be renewed. In addition, it would be difficult under the proposed new thresholds to sponsor new lecturers as the maximum starting salary for many of our universities for this post is below the proposed minimum threshold for experienced workers (£45,978).
- 3.6 It is also useful to consider that language instructors tend to be non-EEA nationals and it is rare that non-native speakers have the required qualifications and level of experience to provide high quality language teaching. Raising the minimum salary thresholds in the manner proposed risks jeopardising the ability of our universities to offer instruction to students in languages such as Arabic, Farsi, Russian, Japanese and Mandarin, which will equip them for global careers.
- 3.7 As above, increasing minimum salary thresholds to the 50th and 75th percentile for new entrant and experienced workers respectively, would have an even more damaging impact on universities' ability to sponsor teaching staff under code 2311.

Other non-PhD occupations

- 3.8 Universities also sponsor a relatively small number of individuals for positions which are not classed as teaching or research roles, for example, senior administrative positions, software developers, engineers and technicians. All of these positions require highly skilled individuals but are not currently recognised by the Home Office as typical higher education positions. Our universities' ability to continue to sponsor individuals for these roles is likely to be significantly affected by the proposed changes.
- 3.9 **The current salary thresholds for PhD-level positions (researchers and teaching professionals) work well in enabling universities to recruit new entrants and experienced workers. Under the proposed changes, our universities would no longer be able to sponsor a number of international staff members under Tier 2 as they would have neither the ability nor the resources to increase salaries accordingly. Similarly, it would become much more difficult to recruit new staff, particularly at the experienced worker level, and for individuals to make the leap between a new entrant and an experienced worker salary.**
- 3.10 **The proposed changes would very likely result in the UK losing talented international staff to overseas competitors.**

Overarching concerns

- 3.11 We are concerned that the proposals to increase minimum salary thresholds to the 25th and 50th or even 50th and 75th percentile of salaries (for new entrant workers and experienced workers, respectively) across each SOC code will affect international researchers, scientists and academics at UK universities disproportionately, and would impair our universities in continuing to sponsor teaching and research staff under Tier 2 in a number of roles.

- 3.12 The proposed changes do not take into account the fact that the level of skill and specialisation associated with a particular occupation is not necessarily strongly correlated to typical earnings for that occupation. Therefore in some occupations, earnings may be relatively modest for individuals at an early stage of their career where the individual has limited experience, whilst the individual may be highly specialised and skilled. For example, early career researchers are often highly sought after as a result of their expertise in a specialist area, rather than their level of experience, something which is reflected in their salary.
- 3.13 Furthermore, the way in which the current minimum salary thresholds are based broadly on the SOC codes which categorise similar occupations means that they are by definition a blunt instrument, and there are already issues with some of the existing definitions of occupations within the SOC code system which will only be exacerbated by raising the minimum salary thresholds. As an example, bioinformaticians are currently classified under SOC code 2425 as non-PhD level statisticians; however, this classification does not accurately reflect the highly skilled and specialised nature of the occupation, many bioinformaticians at universities are researchers in PhD level posts.
- 3.14 Increasing minimum salary thresholds for Tier 2 is likely to have a greater impact on universities' recruitment than for other types of Tier 2 sponsors as universities are under various constraints in terms of their ability to vary the salary offered for particular roles.² Universities would therefore be unable to increase salaries in line with minimum thresholds, particularly over a short timeframe. These constraints do not apply to industry where salaries for researchers and scientists may increase more freely in line with the proposed minimum thresholds, creating an uneven playing field and disadvantaging universities and public research funders.
- 3.15 There is a major concern that setting the minimum salary threshold for experienced workers at the 50th percentile or even 75th percentile will make it extremely difficult for new entrants to be retained within universities after three years (the maximum period a migrant can be in the UK before being classed as an 'experienced worker'), as the gap between the minimum salary for a new entrant and an experienced worker will be insurmountable in some cases. The perception that it may be difficult for researchers and academics to extend their leave beyond this initial three year period could act as a strong disincentive for them to relocate to leading UK universities at all, and could therefore put the UK at a competitive disadvantage internationally.
- 3.16 We welcome past decisions in this area which have acknowledged some of the issues described above, for example, through the designation and prioritisation of 'PhD-level' posts which has been helpful in protecting the ability of universities to attract and retain highly skilled international staff, and hope that the MAC will advise the Government to continue to protect PhD level positions in particular.
- 3.17 **The Migration Advisory Committee has previously acknowledged that earnings thresholds alone are not fit for purpose as a proxy for the level of skill and specialisation necessary to undertake research and teaching roles in universities. We hope that the MAC will continue to take the same approach so that universities are able to attract and retain highly skilled researchers,**

² For example, where a vacancy might be at a particular point on a universities' pay scale, or linked to a particular research award from a funder. Universities are also subject to government pay constraints where roles are publicly funded e.g. through the Research Councils.

scientists and academics who drive forward the UK's innovative knowledge economy.

- 3.18 **We would also urge the MAC to be cautious in recommending any increase in the current minimum salary for Tier 2 (£20,800) as this could impact on some roles at universities disproportionately, in particular early career researchers.**

4. The proposed changes to Tier 2 may impact on the competitiveness of the UK in the international education market

- 4.1 Increasing the minimum salary thresholds for Tier 2 would make it harder for international students to switch into work routes following graduation, and may therefore deter students from coming to the UK.
- 4.2 International students at our universities make a very significant contribution to the UK's economy, society and culture:
- (a) Higher education is one of the UK's most successful export industries and is estimated to contribute more than £10 billion a year in overseas earnings – £3.9 billion in tuition fees and £6.3 billion in living expenses per annum alone.³
 - (b) Alongside export earnings, there are a number of wider economic benefits associated with international students in the UK, including: the establishment of global trade and R&D links through alumni networks, and an increased pool of skilled graduates to meet demand in the labour market, for example, in areas such as STEM.
 - (c) International students make a range of academic, social and cultural contributions, and UK students report that they enjoy working alongside them.⁴
- 4.3 International education is a growing market and it is vital that the UK is able to take advantage of this. Between 2000 and 2011, the number of international students across the world more than doubled.⁵ The Minister of State for Universities and Science has recognised this with his stated ambition to grow education exports from £18 billion in 2012 to £30 billion by 2020, a goal which cannot be achieved unless the UK continues 'to attract the brightest and best from around the world'.⁶
- 4.4 It is therefore important that the potential impact of changes to Tier 2 on the UK's competitiveness in the international education market should also be taken into consideration.
- 4.5 The international education market is very sensitive to changes in visa systems and, following increased restrictions through Tier 4 and the closure of the Post-Study Work route, the UK's share of the international education market is already in decline against key competitors including the US, Canada and Australia.⁷

³ BIS, 'International Education: Global Growth and Prosperity', (2013)

⁴ Higher Education Policy Institute Report 74. March 2015 'What-do-prospective-students-think-about-international-students'

⁵ OECD, 'Education at a glance' (2014)

⁶ Speech from the Minister for Universities and Science, 1 June 2015:
<https://www.gov.uk/government/speeches/international-higher-education>

⁷ British Council, 'UK competitiveness slips again. But all is not lost' (February 2015)

- 4.6 As a result of recent changes to the UK's immigration regime, there have been significant declines in the number of new students from certain key nationalities across UK HEIs in recent years:
- (a) Overall, the number of new Indian students coming to UK universities declined by 53% between 2010-11 and 2013-14, and the number of new Pakistani students declined by 41% over the same period.
- 4.7 Growth in international student numbers at Russell Group universities has also slowed compared to previous years and numbers have fallen from some countries:
- (a) Between 2010-11 and 2013-14, the number of new Indian students at Russell Group universities declined by over 30%.
 - (b) The rate of growth in new Chinese students slowed to 11% in 2013-14, compared to 26% growth in 2011-12.
- 4.8 A Parliamentary inquiry has found that students already have significant difficulties in finding employment in the UK after the completion of their studies, often as a result of the basic entrant salary requirement for Tier 2.⁸ The removal of the Post Study Work Route has significantly restricted access to the labour market for international students: since 2011, the number of international students switching from Tier 4 into work routes has declined by over 80 per cent.⁹
- 4.9 **If a decision is made to increase the minimum salary thresholds for Tier 2, separate arrangements should be made for international students transferring from Tier 4 into Tier 2 to avoid any negative impacts on the UK's competitiveness in international education.**

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⁸ All-Party Parliamentary Group on Migration, 'UK post study work opportunities for international students' Session 2014-2015 Report

⁹ Home Office Immigration Statistics, January to March 2015, Table expc_01: Grants of an extension of stay by current category and previous category, excluding dependants