

## Priorities for a future skills-based immigration system

**International talent underpins excellence in education, research and innovation at Russell Group universities. This excellence drives the UK's position as a world-leading research nation and is helping secure a skilled and effective future UK workforce.**

Nearly 48,000 staff and 200,000 students at Russell Group universities are from outside the UK, representing 26% of staff and 31% of students. International students help ensure our universities can deliver broad, high-quality academic programmes and support their world-class research. Overseas staff bring vital expertise and skills to our campuses and are particularly important for teaching and research in strategically important subjects including STEM disciplines and modern languages.

In addition to their contribution on campus, international staff and students bring wider benefits to the UK. Every 7 non-UK undergraduates studying at a Russell Group university generate £1 million of impact for the UK economy. International staff and students also promote international research collaborations and attract inward investment. Talented staff and students who return home become informal ambassadors, strengthening the UK's trade, research and diplomatic links and boosting our soft power across the globe.

To secure these benefits, the UK's future immigration system needs to support universities to attract and retain students, academics and technical experts from anywhere in the world. We agree with the Government's vision for a future immigration system based on skills and its intention to build on the Settlement Scheme approach. The following will be key to deliver this vision and implement an effective, secure and streamlined system that builds public confidence, grows UK skills and attracts global talent:

- Implementing a **post-study work route that allows graduates to stay for at least two years** after their studies would bring the UK's offer more in line with competitors abroad and help the Government to meet its target of growing international students in the UK.
- **Any salary threshold for the skilled route should not exceed £21,000** and should be calculated pro-rata to avoid discriminating against part-time workers, who are predominantly women. This threshold would enable universities to recruit to a range of skilled roles, including technical experts and early career academics.
- **Ambitious reform of sponsorship must be delivered before the system opens to EEA and Swiss nationals** to enable sponsors to manage change effectively. Without the necessary reforms, costs at Russell Group universities will increase by 48% to £37 million by 2031.
- **Timely and sufficient investment in IT** is needed to enable the Home Office to deliver a future system that builds on the Settlement Scheme approach. Using the latest technology and linking Government datasets will help to reduce bureaucracy, cost and burden on applicants, sponsors and the Home Office
- Using **opportunities stemming from the UK-EU Mobility Framework**, we encourage Government to explore options that support flexible mobility arrangements for students and research workers
- **The Tier 1 Exceptional Talent visa** should be extended to support talent at all levels. There should be no cap on this route.
- **All charges associated with securing a visa must be reasonable and proportionate** and the Immigration Skills Charge exemption for PhD-level roles should be maintained.
- A **clear, consistent message of welcome** to overseas talent is essential as part of ensuring the system as a whole is more welcoming.

## Salary threshold

The Russell Group supports a skills-based approach to immigration policy. To achieve this, it is important that the system does not use salary as a proxy for skill. In academia, there are many non-salary benefits that attract skilled workers to the sector and enable them to enjoy and fulfilling and rewarding career. The Government should recognise this context and ensure that any salary threshold it sets for skilled workers:

- does not restrict the ability of the academic community to recruit to skilled roles (defined by the Government as RQF 3 (A-level) and above)
- allows our universities to recruit skilled workers at all career stages, including early-career academics and researchers
- does not discriminate against part-time workers, who are predominantly women.

We support the white paper proposal to lower the skills threshold to RQF 3 for the skilled worker route in a future system. However, for this change to be meaningful, the salary threshold must also be lowered. The £30,000 was set by the MAC as the 25th percentile of the earnings distribution for occupations at RQF 6 and above. **If the Government intends to lower the skills threshold to RQF 3, then it should follow that a new salary threshold be set near to the 25<sup>th</sup> percentile of the earnings distribution for occupations at RQF 3 and above, which according to the MAC is £20,100.<sup>1</sup>**

At Russell Group universities, **nearly 59,000 positions (a third of all roles) would not qualify for sponsorship under RQF 3 and £30,000 thresholds<sup>2</sup>**. 10% of these positions are currently filled by EU nationals. Table 1 shows how a £30,000 threshold would restrict the ability of our universities to recruit academic roles and technician roles, even though these are at or above RQF 3. This evidence echoes concerns raised by HR staff at Russell Group universities.<sup>3</sup>

**Table 1 – Proportion of roles at different salary thresholds**

Role and skill level	Number of positions across Russell Group universities	% roles filled by EU nationals	% roles earning at or less than:		
			£30K	£25K	£20K
Technicians (RQF 3/4)	11,700	8%	53%	27%	9%
Science professionals (PhD level)	23,400	25%	12%	1%	0%
Teaching & education professionals (RQF6/PhD)	55,700	19%	6%	1%	0%

Most academics earning less than £30,000 at Russell Group universities are aged 34 years and below. This suggests that it would be the early career researchers and teaching staff that would be most impacted and that a salary threshold of £30,000 would jeopardise the UK's ability to recruit the next generation of academic talent.

We would also be concerned about the impact of a £30,000 threshold on our ability to recruit part-time staff. **26% of the Russell Group workforce is employed on a part-time basis and women make up 70% of this part-time workforce<sup>4</sup>**. This is relevant because the current immigration rules require actual salary (i.e. not full-time equivalent salary) to meet the salary threshold.<sup>5</sup> These rules therefore discriminate against part time workers, not because of skill level, but because of how many hours they work. In turn this discriminates against women, albeit indirectly.

Another aspect that must be considered is regional variation in salary and the resulting impact of this on different parts of the UK. Across all UK universities, 20% of staff are on wages less than £25,000.

<sup>1</sup> Table 7.2. Migration Advisory Committee, [EEA migration in the UK: Final report](#), September 2018

<sup>2</sup> EY report for the Russell Group, [Challenges and costs of the UK immigration system for Russell Group universities](#), March 2019

<sup>3</sup> A survey of Russell Group universities conducted by EY found that 15 of 16 responding universities indicated some level of concern over their ability to staff roles at RQF3 and earning less than £30,000.

<sup>4</sup> Women make up 52% of the overall workforce, suggesting they are significantly more likely to work part-time than men.

<sup>5</sup> A part-time worker who earns £41,000 FTE but works 25 hours a week would thus not meet the £30,000 salary threshold

However, the regional variation is significant. Among London universities, just 7% earn less than £25,000, whereas in the North East, 29% earn less than £25,000. Outside of London, the South East and East of England, on average, 25% of university staff earn less than £25,000.<sup>6</sup> This means that if the salary threshold for skilled workers were set above £25,000 a significant number of roles at UK universities wouldn't be eligible to recruit non-UK nationals and the impact of this would be most keenly felt by institutions outside of London, the South East and East of England.

**Given this evidence, we would ask that any salary threshold set by the Government for the skilled route is set near the 25<sup>th</sup> percentile of the earnings distribution for occupations at RQF 3 and does not exceed £21,000. It should also be calculated pro-rata to avoid discriminating against part-time workers, who are predominantly women.**

This threshold would allow universities to recruit non-UK technicians, research assistants and early career researchers – enabling the UK to secure a pipeline of research talent. It is also more likely to enable universities to support flexible careers and specifically those wishing to work on a part-time basis, the majority of whom are women.

### **Sponsorship reform**

Research conducted by EY has found that **Russell Group universities collectively spend around £25 million a year on immigration processes and compliance to recruit and support non-EU staff and students.** This includes nearly £17 million in staffing and support costs to sponsor students and employees, and £6.4 million in fees paid directly to UK Visas & Immigration (UKVI).<sup>7</sup>

If new immigration rules for EU citizens are implemented from 2021, as proposed in the white paper, **EY has estimated that the total costs to our universities could increase by 36% up to £34m by the end of 2022 and by 48% to £37m by 2031** (i.e. after 10 years).

Several parts of UKVI's sponsorship and visa application process are seen as inefficient and/or failing to add value by staff at Russell Group universities who are involved in sponsorship; either because of failures in the system (such as frequent UKVI errors) or as an inherent part of an outdated system (such as police registration). Dedicating resources to managing these activities represents a significant cost for Russell Group universities. The following were identified as specific challenges and areas that should be prioritised for reform:<sup>8</sup>

- Handling Biometric Residence Permits (BRPs) and BRP errors: EY estimates handling BRPs alone (for students) costs Russell Group universities collectively around £750,000 a year.
- UKVI errors and processing times
- Complexity of the system for employers and applicants
- Assessing academic progression (students)
- Reporting and monitoring requirements
- The Sponsor Management System
- The resident labour market test (RLMT) (which the immigration white paper proposes be abolished): EY estimates the RLMT costs our universities collectively more than £45,000 a year.

We welcome Government's commitment to reform the sponsorship system and adopt a lighter-touch, risk-based approach including by:

- sharing and utilising data held across government to reduce information needed from employers
- a new digital system for student sponsorship
- abolishing the cap on skilled worker visas and the RLMT

However, the detail around this sponsorship reform will be key. Research by EY indicates that eliminating the RLMT for example will have only a minor impact on the overall cost of sponsorship which will otherwise increase significantly from 2021. **It will be important for the Home Office and UKVI to work**

<sup>6</sup> Analysis performed by the Russell Group using the HESA 2017/18 Staff FPE record. Data is grouped into salary bands. For this analysis, staff in salary band 1 (< £18,777) and 2 (>= £18,777 & < £24,983) were grouped to be considered earning 'less than £25,000'.

<sup>7</sup> EY report for the Russell Group, [Challenges and costs of the UK immigration system for Russell Group universities](#), March 2019

<sup>8</sup> Ibid

**closely with sponsors to identify ways in which meaningful and impactful reform can be delivered.**

Furthermore, this reform must be delivered before the system opens to EEA and Swiss nationals to enable sponsors to manage change effectively.

## **Exceptional talent**

The Tier 1 exceptional talent route is an important way the UK is attracting the most promising and internationally excellent researchers to the UK. In a survey of Russell Group universities conducted by EY, respondents quoted the following advantages of this visa:

- Greater flexibility for individuals – as they can move between employers and take up multiple positions with different employers
- Lower administrative burden on institutions as they do not sponsor Tier 1 visa holders
- Lower application fees<sup>9</sup> and shorter processing times<sup>10</sup>
- Prestige for the university and applicant
- Enabling academics to pursue innovative collaborations with business and start their own spin-out companies.

Given Government has stated its intention not to have a cap on skilled visas in a future system, we consider that keeping a cap on the Tier 1 exceptional talent route would send the wrong message internationally i.e. that there is a limit on the number of exceptionally talented individuals we want to attract to the UK. **We therefore strongly recommend there be no cap on this route.**

We would also ask **the Home Office to work alongside the Department of Business, Energy and Industrial Strategy to consider how this route could be improved so it encourages and supports applications from exceptionally talented individuals at all career stages by:**

- exploring whether certain SOC codes, for example all those for 'PhD-level' roles, could be automatically eligible for this visa;
- extending the accelerated route to individuals who hold grants/fellowships that have been awarded through competitive, peer reviewed processes outside the UK, including the prestigious European Research Council and Marie Skłodowska-Curie Actions grants;
- ensuring that applicants are evaluated against their contribution, potential and value to the UK and not by their career stage per se. The definition of entry requirements for the Exceptional Promise route should be consistent with the UK's ambition to support future research leaders.

In considering the above, it will be important for the Government to work with designate competent bodies (DCBs) to streamline the process of endorsement and ensure this is sustainable for an expanded route. One option which could be explored is enabling other trusted bodies, including universities, to endorse applications, taking some of the burden off the DCBs, providing more certainty to applicants and speeding up the processing of these visas.

## **Improving the user experience**

We welcome Government's intention to build on the Settlement Scheme approach, which should streamline the visa application process for all users in a future system.

An individual's experience of the visa application process, their interaction with UKVI caseworkers, officials at the border and the communications they receive from the Home Office, all contribute to their first impressions of the UK. **It is in the UK's interest to ensure that these first impressions are of an outward-looking nation that is open and welcoming to students and skilled workers.**

Developing a future system is an opportunity for the Home Office to consider the user journey end-to-end and ensure this the system is easy to navigate, that the application process is user-friendly and

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<sup>9</sup> A Tier 1 (Exceptional Talent) currently costs £608, in comparison with a Tier 2 visa application which currently costs £704. Both applications attract IHS, but only Tier 2 applications (where relevant) attract the ISC.

<sup>10</sup> Processing times once the visa application has been submitted are largely equivalent. The disparity stems from the extensive initial steps associated with many Tier 2 (General) applications, including the RLMT and Restricted CoS process.

streamlined, that immigration rules and guidance are easy to understand, that case-workers offer consistent advice and that border force officers treat migrants with respect, whilst upholding security to build public trust.

The Tier 4 pilot has been an important opportunity to test a new approach to student applications, reducing the number of documents that students are required to submit to the Home Office as part of their visa application. Feedback from Russell group universities suggests that this approach has been welcomed and has improved student experience. Importantly, there is no evidence that this has impacted on compliance.<sup>11</sup> We would therefore urge Government to apply this provision to all students. Doing so would also remove the need for Appendix H, which currently only allows students from a select list of nations to be eligible to submit reduced documentation with their application and arguable creates a barrier to diversity of international students in the UK<sup>12</sup>.

## **Proportionate visa charges**

**The Home Office should work with other Government departments to ensure the overall costs associated with visa applications are reasonable, proportionate and internationally competitive so these don't serve as a barrier to students and skilled workers coming to the UK.**

Analysis has shown that visa costs in the UK are among the most expensive in the world<sup>13</sup>. A researcher coming to the UK on a 3-year Tier 2 visa with a partner and 2 children, will be faced with upfront costs of at least £7,240.<sup>14</sup> Although the application fee (£610 per person) compares well internationally, it is the Immigration Health Surcharge, at £400 per person, per year, that results in the UK standing out as having one of the most expensive systems. Given individuals on a Tier 2 visa will be paying tax in the UK, the rationale for charging these migrants an additional NHS contribution is not clear.

If these visa costs are applied to EEA and Swiss nationals arriving from January 2021, they are likely to deter many from coming to the UK, given they can avoid these costs by choosing to work elsewhere in the EU. **We would therefore urge the Government to secure a reciprocal arrangement between the EU and UK on healthcare.**

These upfront visa costs also present a challenge for students and impacts on the UK's attractiveness as a study destination. This is especially true for PhD students who often bring dependants, which increases the upfront costs considerably. We are concerned, for example, that the Government's commitment to allow PhD students an automatic year of leave after their studies will have unintended consequences if these students are required to pay for an additional year of the Immigration Health Surcharge upfront, even if they don't intend to use this additional leave.

The Immigration Skills Charge (ISC) of £1,000 per year also represents a challenge for employers. Current exemptions from this charge are important to universities, who are already making significant investments to train a highly skilled workforce for the UK. In 2017/18, over 90% of Tier 2 applications at Russell Group universities were exempt from the ISC either because the role was skilled to PhD level or because the applicant was a Tier 4 visa holder switching into Tier 2 from within the UK. **The exemption from the ISC for PhD level positions is estimated to have saved Russell Group universities around £4.1m in 2017/18.** The value of this exemption is predicted to increase to £7.5m in 2022/23, assuming the charge would otherwise be payable for applications by EU citizens from 2021.<sup>15</sup>

**Current exemptions from the ISC should be maintained in a future system. Furthermore, we would like to see more transparent accounting of how revenue from this charge is being spent by the Government to improve UK skills.**

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<sup>11</sup> UKVI Tier 4 Pilot evaluation, December 2018, available at

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/768012/tier-4-pilot-evaluation-2018.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/768012/tier-4-pilot-evaluation-2018.pdf)

<sup>12</sup> <https://www.gov.uk/guidance/immigration-rules/immigration-rules-appendix-h-tier-4-documentary-requirements>

<sup>13</sup> <https://www.cityoflondon.gov.uk/business/economic-research-and-information/research-publications/Pages/streamlining-success-the-uk-visa-system.aspx>

<sup>14</sup> Includes a £610 application fee (if applying from outside the UK) per person, £400 per person per year Immigration Health Surcharge. We have not included the £150 TB test fee or the £150 English language test fee. We also have not included the £199 Certificate of Sponsorship fee (employer cost) or the £1,000 Immigration Skills Charge (this role would be exempt from this charge in any case as it is PhD level).

<sup>15</sup> EY report for the Russell Group, [Challenges and costs of the UK immigration system for Russell Group universities](#), March 2019

High visa charges can also be a barrier to the UK retaining skilled workers. The application fee for Indefinite Leave to Remain (ILR) is £2,389, nearly 60% higher than the cost in 2016 and 10 times higher than the £243 it costs the Home Office to administer the application.<sup>16, 17</sup> There is no clear justification for this fee rate or why it has increased so dramatically in recent years. Moreover, the changes in fee have been made with very little warning; in April 2016, the new rate (25% higher) was published two days before taking effect. In a future system, **the Home Office should ensure that the ILR fee rate is fair and enables universities and business to retain skilled workers for the benefit of the UK economy.**

## International students

The total net economic impact associated with the 100,000 non-UK domiciled students who started courses at Russell Group universities in 2015/16 is £8.82 billion.<sup>18</sup> Across the whole education sector, this impact is estimated to be £20.3 billion.<sup>19</sup>

The economic and social value of international students was highlighted in the Migration Advisory Committee's report,<sup>20</sup> which cited evidence of their significant contribution to the economy, local communities, UK research and the education of domestic students. There is also a growing appreciation of the soft power advantages that international students help deliver and their importance for the UK's future trade and export ambitions.

In recognition of this, international students have been placed at the heart of the Government's new International Education Strategy, which aims to increase the value of the UK's education exports to £35 billion a year (up from £20 billion in 2016), and to increase the number of international higher education students hosted in the UK to 600,000 a year (up from 460,000 in 2017/18), both by 2030.<sup>21</sup>

To achieve these targets, the UK will need new policy measures to ensure its offer to international students is internationally competitive. The following should be considered as a priority:

- A post-study work route that allows graduates to stay for at least two years after their studies and brings the UK's offer in line with competitors abroad.<sup>22</sup> As an immediate step, the Government's proposals set out in the International Education Strategy and Immigration White Paper<sup>23</sup>, to extend leave allowed after studies to 6 months for undergraduates and masters students, should be implemented in full.
- Setting any salary threshold for the skilled worker visa for 'new entrants' no higher than £19,500 and allowing more time for individuals to transition to the experienced rate. These measures would better support employers in all regions of the UK to employ male and female international graduates and to retain these workers.
- Ensuring a welcoming message to prospective students abroad. This should include better communication of the UK's education offer and visa information. The new International Education Champion should work across government to coordinate this activity.
- Streamlining the visa application process for all students to support diversity and improve their experience of the UK visa system.
- Reforming immigration sponsorship to reduce administrative burden on the Home Office and Sponsors of international students. Reform should also ensure proportionate monitoring requirements to reduce burden and avoid a hostile environment on campus.

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<sup>16</sup> Fee in March 2016 was £1,500.

<sup>17</sup> <https://www.gov.uk/government/publications/visa-fees-transparency-data>

<sup>18</sup> London Economics, [The economic impact of Russell Group universities](#), October 2017

<sup>19</sup> London Economics, [The costs and benefits of international students by parliamentary constituency](#), January 2018

<sup>20</sup> Migration Advisory Committee, [Impact of international students in the UK](#), September 2018

<sup>21</sup> Department for Education and Department for International Trade, [International Education Strategy: global potential, global growth](#), March 2019

<sup>22</sup> Australia allows a 2-4-year period of PSW, depending on the qualification they obtained. The US has a 1-year PSW scheme, which is often extended by a further 24 months for STEM graduates. Canada has a PSW period which relates to the length of the student's course, those studying for 2 years can obtain a 3-year visa. New Zealand recently announced a 3-year PSW visa.

<sup>23</sup> HM Government, [The UK's future skills-based immigration system](#), December 2018

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## Implementing a future system

The Government's proposals for a future system are ambitious, and rightly so. The UK has an opportunity to create an immigration system that is fit-for-the future and it is important this opportunity is not wasted.

But delivering genuine reform and opening a new, effective system by January 2021 will be challenging. The current points-based system took over 4 years to implement following the initial white paper being published in 2005; Government's timelines are half that this time around.

Investment in IT will be crucial to improve the system both for users and sponsors, and to enable the Home Office to deal with the increase in visa applications. It will be important for the Government to extend the timelines for introducing a new immigration system if it becomes clear that the necessary IT to underpin this will not be in place in time and/or if Government has not delivered genuine reform of the sponsorship system.

As part of its consultation on the white paper proposals, **Government should work with employers to construct a detailed, realistic timetable for delivery, including when the Immigration Rules will be made, when guidance will be published and when the IT systems will be in place.**

We suggest the Home Office delivers a progress update to the Home Affairs Committee by summer 2020 setting out if it is on track to deliver a new system by January 2021 or will need to delay implementation.

If implementation of a future system is delayed, we urge Government to extend Settled Status guarantees to all EEA and Swiss nationals arriving in the UK before the new system is implemented. This will ensure stability for UK employers and enable EEA and Swiss staff and students to plan for their move to the UK.

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