Universities Scotland response to the Migration Advisory Committee Call for Evidence on Salary Thresholds and the Points-based System

1. Universities Scotland is the representative body of Scotland's 19 higher education institutions[1]. This submission is based on evidence provided by our member institutions, however, a number of these have also offered evidence directly to the Committee through the Universities and Colleges Employer Association (UCEA) and Universities UK (UUK). We have also drawn on latest statistical evidence on non-EU and EU student and staff from the Higher Education Statistics Agency (HESA).

2. Universities Scotland's submission fully supports that made by Universities UK, but looks to draw out the challenges and concerns specific to the Scottish HE sector and Scotland's wider labour market. It is vitally important that policy proposals for a future immigration system do not exacerbate these. Rather, they should enable our member institutions, Scotland and the UK as a whole to attract and retain talent to remain internationally competitive in all its facets.

Part I: Background to the Scottish higher education sector

3. Staff from outside the UK make a significant contribution to the success of Scottish universities and, through that, the economic, cultural and societal wellbeing of Scotland.

4. Scotland's universities are truly global organisations and their staff are drawn from across the world. Working alongside colleagues from the UK, staff from the EEA and beyond make up 22.3%[2] of the workforce, higher than the UK percentage, and are a vital part of the success of Scotland's universities. They contribute to research and teaching; training a future skilled domestic workforce; maintaining our position as a world leading destination for teaching and research; and driving EU research collaboration. In fact, attracting the best staff from all over the world is essential to the strong research and teaching performance of a university sector and the economic impact it can deliver in the country in which it operates.

5. For the HE sector, employment of EU and non-EU staff has been increasing significantly in the UK and Scotland specifically. Over the last five years, from 2012/13 to 2017/18 has seen EU staff[3] numbers increase by 46% (44% for the UK) and numbers of non-EU staff by 29% (25% for the UK) over the same period. The proportion of EU and non-EU staff at Scottish HEIs has increased by 6.1% and 3% respectively. EU citizens alone are estimated to make up 5% of the total Scottish workforce[4]. This simply demonstrates the world leading reputation UK, and Scottish universities have internationally for their teaching and research attracting staff and students.

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[1] We use the term 'universities' throughout this document to refer to the sector
[2] HESA staff record 2017/18
[3] EU staff refers to staff from all EU members states except for the United Kingdom
[4] Scotland's population needs and migration policy, 2018 http://www.gov.scot/Resource/0053/00531087.pdf.

6. We have been encouraged by recent announcements from the UK Government which suggest that it recognises the central contribution talent from outside of the UK will always make to higher education. The vision for the UK-EU partnership on science, research and innovation[5] and the Prime Minister's Tier 1 visa announcements to "supercharge" UK science and research are measures that help to support the sector's role as a magnet for talent, as developer of niche and high-level skills and as a key economic asset.

7. Universities UK's submission to this consultation sets out the key aspects in relation to salary thresholds and the Australian points-based system that the sector across the UK would wish to see, which include:

    1. A minimum salary threshold for sponsorship should be lowered to £21,000.

    2. A new entrants' salary threshold is retained for EU and non-EU national and extended to 4 years.

    3. Applicants should be asked to meet the lower of the occupation specific and overall salary threshold.

    4. A new salary threshold should be prorated to account for part-time working patterns.

    5. Visa applicant should have the flexibility in their employment with the potential to work across several institutions if required.

    6. If an Australian-style 'points-based' system is introduced, 'having a job offer' should be the prioritised characteristic to establish their suitability to and work in the UK, ensuring that the UK immigration system remains employer-led.

We add our support to Universities UK's submission and offer additional evidence and observations:

Part II: Salary thresholds

Minimum salary threshold should be lowered to £21,000.

8. As global organisations, Scotland's HE workforce is made up of 14.8% of non-EU and 20% of EU staff in academic and professional roles. As the Committee considers the needs of the HE sector it is important to remember that, as large and complex organisations, universities employ large numbers of professional and technical staff who are highly skilled, yet there is a different relationship between qualification level, career progression and salary in the HE sector than there is in many other professional sectors.

9. Analysis presented in UUK's response to the MAC highlights the importance of the technical workforce and reveals that this group would not meet the existing threshold of £30,000 to obtain a highly skilled visa. This is as a significant concern to the Scottish HE sector given the critical role they perform and the large proportion of EU and non-EU staff concentrating in these roles. Scottish institutions would be hugely affected if the £30,000 threshold was to be adopted. Median salary thresholds for all science, engineering and production technicians, as well as language assistants, are significantly below the £30,000 threshold. HESA data highlights a concentration of non-UK staff in pay bands that are associated with professional roles, of which 60% are in positions earning less than £25,000[6].

10. Alongside the importance of academic and technical staff, the effective operation of departments rests on key professionals in non-academic professional roles. In our previous evidence to the Migration Advisory

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[5] https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/710268/SCIENCE-FINAL.pdf
[6] HESA staff record 2017/18

Committee on EEA workers, we noted how very high proportions of non UK EEA non-academic staff are highly qualified and in such highly skilled roles. Yet, non-academic roles do not always meet the requirements and salary threshold for Tier 2 applications. It is important that any new system must allow for the effective recruitment of such staff internationally.

Shortage Occupation List (SOL) - there should be no salary requirement for EU and non-EU nationals inclusive of the higher education sector

11. We echo UUK's statement which outlines the HE sector's significance in meeting the immediate shortage of occupations and technical skills in the UK labour market, including points on the importance to retain the exemption of PhD-level occupations from the Skills Charge, and abolishing the Resident labour Market Test.

12. Scotland's universities are far more reliant on EU nationals to fill STEM roles on the shortage occupation list than the rest of the UK. This is also true, but to a slightly lesser extent, for non-EU international citizens. Table 1 provides the figures and the cross-UK comparisons. For example, EU staff within the field of chemical engineering make up 32% of the workforce in Scotland's universities compared to 20% for the UK average; a 12 percentage point difference. A similar pattern applies for roles in IT, where EU citizens make up 27% of the workforce in Scotland's universities compared to 19% for the UK; a difference of 8 percentage points.

13. Like UUK, we welcome the lowering of the Regulated Qualifications Framework level 3 (RQF) to all jobs including those on the SOL. However, just lowering the skill-level is not going to be enough, it will need to be combined with the lowering of the salary threshold. The sector otherwise risks deterring recruitment and the retention of non-UK staff in these roles who are often highly specialised and niche. In many cases, the sector would not be able to find the right staff within the UK.

Table 1: All Scottish & UK HEIs, EU, non-EU and UK staff, full person equivalent, in subject areas across the HE sector

Area of employment	EU		Non-EU		UK	
	Scotland	UK	Scotland	UK	Scotland	UK
(129) Economics & econometrics	36%	32%	26%	24%	38%	40%
(122) Mathematics	28%	24%	19%	17%	53%	57%
(114) Physics	27%	22%	12%	15%	62%	61%
(116) Chemical engineering	32%	20%	28%	22%	39%	51%
(121) IT, systems sciences & computer software engineering	27%	19%	17%	16%	56%	63%
(112) Biosciences	21%	19%	13%	11%	67%	69%

14. Scotland's recruitment challenges are more acute than the rest of the UK due to the specific nature of demographic challenges we face. With a population ageing faster than the rest of the UK, Scotland has a unique interest in attracting young talent into the economy. Demographic factors specific to Scotland, and therefore a limiting factor on our long-term ability to recruit domestically, are:

- In Scotland, immigration is projected to account for 90% of population growth in the next decade;
- Scotland's dependency ratio (dependents to workers) is expected to increase from 58 dependents per 100 working population in 2014, to 67 dependents per 100 workers in 2039. This is much higher than the UK as a whole;
- The number of Scots of pensionable age and over per 1,000 people of working age is to increase from 311 in 2015 to 397 in 2039.[7]
- Scotland is also predicted to have a lower population increase than projected for the UK to 2039 (7% for Scotland compared to 15% for the UK)[8];
- Between 2016-2041, Scotland's working age population is expected to grow by 1% compared with 8% in the UK[9]; and
- Since the year to mid-2007, Scotland has relied on migration for population growth more than any other constituent country of the UK. Over this period 63% of Scotland's growth has been due to net international migration compared to 53% for the UK as a whole. A further 25% of Scotland's growth was due to net migration from the rest of the UK[10].

15. Policy measures that attract and retain highly qualified, economically active staff at the beginning of their careers would assist Scotland in meeting that challenge. In that context it only seems prudent to also look at the pipeline of talent including students, where there are similar trends to that of staff. Non-EU students from key countries like India, Malaysia or Germany for example come to study courses within STEM and IT subjects in Scotland more than other subjects by some margin. 40% of Indian students or 67% of Malaysian students are on STEM & IT courses in Scottish universities compared to 39% of UK students. International students are not the only answer to our long-term skills shortages but in the short-term we do not have enough school pupils progressing these subjects post-16 at the moment to do this from amongst our 'home' students.

16. The ability to retain highly-skilled international students where there are key shortages and where it can contribute to Scotland's key sectors is of economic benefit to all. Any barriers to their or that of non-UK graduates' retention or to them seeking and retaining a UK-based job within or outside the HE sector should be removed.

Possible variations in salary thresholds

UUK's submission considers four models of thresholds that are most applicable to the HE sector that we fully support. Our submission goes further in that we also consider the need for a lower salary threshold based on regionalisation to account for variation in salaries for different sectors and occupations outside of HE.

'New entrants' variation

17. Again, we echo UUK's statement for retaining a new entrants' salary threshold for EU and non-EU nationals and extend it to four years.

[7] Scotland's Population, 2015 Infographic Report, National Records of Scotland
http://www.gov.scot/Topics/People/Equality/Equalities/DataGrid/Age/AgePopMig
[8] http://www.parliament.scot/S5_European/General%20Documents/CTEER_Dr_Hepburn_report_2017.04.24.pdf
[9] https://economicactionplan.mygov.scot/future-skills/scotland-labour-market-international-position-skills/
[10] Scotland's population needs and migration policy, 2018 http://www.gov.scot/Resource/0053/00531087.pdf.

18. Scottish universities are routinely ranked amongst the best in the world and this positive reputation attracts applicants from across the globe. In 2017/18 they attracted 54,235 international (EU and non-EU) students in Scotland. This is 21.9% of the overall student population in Scotland. We cannot emphasise enough the significant and positive social, cultural, educational and economic contribution non-UK students bring to the UK coupled with that of Scotland's demographic challenges makes it even more important to ease their transition into employment by the sector during and after their studies and into the wider labour market.

19. Graduate outcome data (LEO) from 2016/17 as per UUK's analysis clearly shows that earnings at 'new entrant' level at £20,800 to 'experienced worker' at £30,000 is a too wide a gap. For UK graduates from Scottish HEIs the median earnings was £27,100 five years after graduation[11], still much below the current threshold of £30,000. The current requirement for progression within these thresholds over a three year period is not achievable and simply puts upward pressure on wages at the lower end of jobs. Filling these roles for institutions can be difficult as it is, but adding age constraints under the new entrant category and time constraints for progression to the experienced worker category and for Indefinite Leave to Remain will exacerbate the situation.

20. This was a primary concern raised by the sector across the UK, where results according to the survey issued by UCEA show that 74.5% of members including Scotland agreed or strongly agreed with tailoring the salary threshold for new entrants in the new immigration system.

Sectoral variation

21. Consistent with UUK's position to lower the salary threshold to £21,000, we believe that setting salary thresholds for sponsored roles in the HE sector should be retained, as well as the use of the single pay spine should continue.

Occupational variation

22. We also agree and support UUK's position for retaining salary variation across occupations and for visa applicants to meet either the overall visa threshold or the salary rate for their occupation, whichever is lower. The same applies to the underlying evidence outlining the challenges the sector faces in meeting medium to high-skilled occupations with low wages based on occupations' salary levels for STEM-based technician roles.

Regional variation

23. Given the HE sector's national pay spine, a regional variation model was least preferred in relation to salary thresholds according to members who responded to the UCEA survey.

24. Outside of higher education sector employment, there is evidence that also supports a minimum salary threshold to account for regional variations particularly with salary levels for occupations that are not subject to national pay scales can vary hugely. Different regions have different economic profiles. Scotland's economy is largely SME dominated which in March 2019 accounted for 99.3% of all private sector businesses providing 55.4% of private sector employment[12]. Many SMEs find Tier 2 sponsorship

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[11] Longitudinal Educational Outcomes (LEO) from Universities: 2016/17 Scotland https://www.gov.uk/government/collections/statistics-higher-education-graduate-employment-and-earnings#history.
[12] https://www2.gov.scot/Topics/Statistics/Browse/Business/Corporate/KeyFacts

challenging with the number of Tier 2 licensed businesses remaining low. For the UK there were 27,000 Tier 2 sponsors, but very importantly only just over 10,000, or less than 50%, had actually used their Tier 2 license to recruit an international graduates via this route. For Scotland the number decreases even further. In 2015, the Home Office figure was 672 active Tier 2 sponsors, who used their license to sponsor an international graduate[13]. The MAC's own evidence highlights that of those moving from Tier 4 to Tier 2, 47% are working for London employers and only 5% in Scotland[14].

25. Business organisations like SCDI and CBI have expressed their support for setting a lower than £30,000 salary threshold to ensure 'access to vital overseas labour and skills, all the way from the South West of England to the North East of Scotland. Business is clear that the new immigration system must work for all regions and nations of the UK'[15]. While average (mean) starting salaries for graduates working in Scotland are in the top quartile of regions of the UK as shown in HESA DLHE data, there are some regional variations within Scotland and within some occupation groups.[16] For example, new entrants working as trainees in the financial services sector in Scotland can earn between 66 to 81% of the salary of a trainee working in greater London.[17] An architectural assistant in Scotland typically earns around 87% of the salary of the same role as paid in London.[18] Data from ScotGrad, a graduate placement scheme run by Scottish Enterprise, Highlands and Islands Enterprise and AGCAS, the university careers network, shows clear variation in graduate salaries across parts of Scotland. 28% of graduate placements in the South East (Aberdeen to the Scottish Borders) fell in the salary bracket of £16,000 to £18,000. However, this increased to 58% of graduate placements in the Highlands and Islands area.

26. It is important that a future immigration system is adjusted to an SME based economy and accounts for regional variations and as such is more light-touch and inexpensive to encourage greater demand for becoming a license holder across the tiers, and specifically Tier 2 to attract and retain talent and skills of non-UK staff and graduates alike to be economically impactful for Scotland and the UK as a whole.

Additional considerations

27. UUK has submitted additional evidence on the need for pro-rata salary thresholds, pension contributions and flexibility in employment. They are all aspects that Universities Scotland fully supports.

28. Particularly on the pro-rata salary threshold we can only echo UUK's evidence and support the case for the introduction of a new pro-rated salary threshold to:

- meet demand for part-time roles;
- support and avoid discrimination against a largely female dominated workforce who take up part-time roles in both academic and non-academic fields; and
- enable institutions to maintain their current workforce.

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[13] Westminster (2015) All Party Parliamentary Group on Migration (APPG) report. p32
[14] MAC report 2018, page 95 https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/739089/Impact_intl_students_report_published_v1.1.pdf
[15] https://www.cbi.org.uk/policy-focus/people-and-skills/articles/30-000-immigration-salary-threshold-wont-work-for-the-regions/ February 2019
[16] HESA DLHE 2017/18.
[17] Figure 9 on page 22 of Universities UK's submission to the MAC inquiry on EEA workers.
[18] Data from the Royal Institute of British Architects cited on page 21 of UUK's submission to MAC on EEA workers.

29. Scotland's proportion of part-time staff in 2017/18 within the UK and other EU workforce is 35% compared to 33% for the UK. This makes the challenge of meeting the required £30,000 salary threshold in those roles even more acute for Scotland. The situation is particularly pronounced EU staff as part-time working has increased by 54%[19] in comparison to 37.55% for the UK over the past five years.

30. It will be essential for a future immigration system to build in mechanisms, of which a pro-rated salary threshold is integral, that not only enable, but encourage flexible and part-time working.

Part III: The 'Australian-style' points-based system

31. If an 'Australian-style' points-based system is to be adopted, we, in line with UUK's advice have considered it from the perspective of it referring to the 'Skilled Independent Visa', a route that is not sponsor-nominated, unlike the UK's Tier 2 visa points-based system. The difference between both visas is that the skilled independent visa requires no job offer or employer-nomination.

32. Based on this, it would be our preferred option if applicants were to be assessed on points for 'having a job offer' for being suitable to live and work in the UK. This would be in line with the HE sector's role as employer and its ability to drive recruitment decisions based on skills and knowledge regardless of nationality. It would also enable the sector in this process and retain the current UK immigration system that allows for an employer-led planned system.

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[19] HESA staff record 2017/18