



GuildHE response to the MAC consultation on salary thresholds and Australian points-based system

Executive Summary

1. GuildHE believes that immigration provides many positives for the country as a whole and for higher education specifically. The ability to recruit outstanding academics and researchers is key to maintaining the UK's place as one of the best higher education systems in the world.
2. Immigration enables universities to recruit talent from around the world and provides a range of different skills as well as supplementing any skills gaps. However, it is also important to recognise that immigration also creates a vibrant, multi-cultural society that enriches the whole country.
3. Recruiting international staff helps create diverse and dynamic campuses, with different pedagogical and research approaches, different cultural assumptions, ideas and perspectives which can have the hugely important educational benefits by exposing students to different views and challenge their assumptions.
4. We therefore would encourage the MAC to consider the following proposals:
5. **The minimum salary threshold to be lowered to £21,000.** The proposal to reduce the skilled-route threshold from RQF level 6 to 3 is welcomed and the reduced salary threshold is in-line with the 25th percentile figure of the RQF level 3 salary.
6. **The impact of any salary threshold should be modelled on different sectors of the economy and parts of the country,** and potentially lowered for these. There are some parts of the economy – such as the creative industries – where despite being highly skilled the salaries are significantly below the national average and yet these industries are hugely valuable to society. There is also a disproportionate impact of the London salaries on the overall average and this should be considered.
7. **Jobs on the Shortage Occupations List should not be subject to a salary threshold.** These jobs which are key for the UK economy and where we do not have a pool of UK employees able to undertake these roles then immigrants coming to do these jobs should be exempt from the salary threshold.
8. **The salary threshold should be prorated for part-time employment.** This is particularly important for both portfolio careers, such as those in the creative industries, as well as for academics that would want to work across several

institutions as well as for equality purposes and the gender imbalances in full and part-time employment.

9. **Salary should be just one element feeding in to a points-based system** – salary can be a useful proxy but a more nuanced points-based system can award skills for a series of other factors including educational level, language and having a job, the latter should be seen as the most important factor in any points-based system.

About GuildHE

10. [GuildHE](#) is one of the two officially recognised representative body for UK Higher Education. Our 50 members include universities, university colleges, further education colleges and specialist institutions from both the traditional and private sectors. Member institutions include some major providers in professional subject areas including art, design and media, music and the performing arts; agriculture and food; education; health and sports. Its current chair is Dr David Llewellyn, Vice Chancellor, Harper Adams University and its Chief Executive is Gordon McKenzie.
11. GuildHE's submission has also been informed by responses to the MAC's online questionnaire, provided in Annex B of the call for evidence, circulated by the Universities and Colleges Employers Association (UCEA) to HR representatives of their 171 membership organisations.

When considering our response to this consultation there were a number of questions that it prompted:

Why is there a salary threshold per se?

12. MAC recommended this in their September 2018 report that there should be a salary threshold and that this should be £30,000. The principle of a salary threshold was accepted by the Government in their letter to the MAC of 24 June 2019, which asked the MAC to reconsider the threshold level.
13. However, it is always worth reconsidering the underlying assumptions in any consultation response, and therefore whether there should be a salary threshold at all, what the purpose of the threshold is, and what should be considered if developing a threshold at a different level.
14. These questions are particularly relevant if the Government is exploring a "points-based" system. Salary is often seen as a proxy for specific attributes. In a points-based system it would be possible to assess a variety of different attributes through different measures and therefore it is worth questioning whether there needs to be a salary element within the points-based system.

15. However, if the proposal is to retain a salary element then this should be just one element within the system that is given a particular weighting, but is not a pass/fail element based on a specific salary amount.

What is the purpose of a salary threshold?

16. **Skills Proxy** – If the salary threshold is a proxy for skills level then there are different – better - ways of assessing this, particularly in a points-based system, such as through level of education. It should also be recognised that salary doesn't necessarily recognise skills, for example there are some highly skilled but less well paid roles in specific industries, such as the creative industries, and that there are different salaries for similar roles in different parts of the country.
17. We also believe that the exemption of PhD-level occupations from the Immigration Skills Charge should be retained to ensure that UK higher education institutions can continue to recruit specialist academics to support their teaching and research activities.
18. **Tax returns** - If the salary threshold is based on a certain level of government tax returns to ensure an appropriate contribution to the nation's finances then this prompts follow-on questions about the underlying assumptions. For example, what assumptions are being made about how long the person will remain in the UK and so how much they might contribute. Whether there are other ways of achieving this financial contribution, as currently exists through the health surcharge, as well as questions about any assumptions of the salary progression profile this is based on. For example, it is assumed that the person will remain on the same salary and therefore the tax returns needed to meet the threshold at that salary threshold, or that they will stay in the UK for a certain period of time and that their salary will progress during that time. If, for example, they might be expected to stay for a number of years and their salary progress during that period, should the starting point reflect likely trajectory rather than just initial contributions?
19. This also doesn't recognise the wider benefits of immigration such cultural diversity and a tolerant society. We would therefore propose that setting a salary threshold based on tax returns shouldn't be seen as the primary driver.
20. **Preventing downward pressure on UK worker salaries** – clearly this would link back to the discussion about the shortage occupation list as there are many jobs that struggle to recruit well-qualified UK workers. There is a strong case for these shortage occupation jobs not to have a salary threshold, or receive extra points in a points-based system. There will also be political decisions about the desirability of attracting immigrants to ensure the UK's competitiveness and productivity and

balancing this against the needs of particular communities and preventing other communities being excluded.

21. We would therefore propose that in a points-based system it would not be necessary to have a salary threshold, or if there is one that it is just one element feeding into the points-based system criteria. We would also argue that jobs on the Shortage Occupations List are not subject to a salary threshold.

If there is a salary threshold what is the right level?

22. The £30,000 threshold is based on the 25th percentile salary for those at RQF level 6, which was the skills level for the previous system. This was based on the percentile with the minimum impact of wage depression for UK-born employees.
23. The Immigration White Paper, December 2018, however recognised the need for intermediate level skills and proposed that the new skilled route would include those at RQF levels 3-5.
24. If the 25th percentile was appropriate at RQF level 6 there is a strong argument that the same principle should apply as the skilled level is reduced, ie the 25th percentile for RQF level 3, which is approximately £21,000. It might also be possible in a points-based system that additional points could be allocated to those above the 25th percentile for their relevant skills level.
25. If there is a salary threshold are there other elements that could/should be included? For example, salaries in higher education are recognised to be part of a package that includes their pension, which includes a generous employer contribution (currently of 15% counting towards their defined benefits for those in the USS scheme, and almost 24% for those in the TPS scheme). In this context should salaries in the higher education sector be considered at the base rate or include other contributions?
- 26. We therefore believe that the minimum salary threshold to be lowered to £21,000 – in line with the 25th percentile figure for RQF level 3 roles. This figure could also include employer pension contributions over and above the national minimum suggested contribution rate.**

Should the threshold be a single UK-wide threshold or varied?

27. There is a key question of whether it would be better to maintain a single UK-wide salary threshold or have one which is varied, and if yes on what basis?

28. There are many benefits to having a single UK-wide salary threshold, in particular that it is simple, easily explainable and understandable. However, as outlined above it would need to be set at an appropriate level that does not result in unintended consequences for specific industries or regions.
29. It is likely that the proposed £30,000 salary threshold would have unintended consequences for specific industries or regions where this figure does not represent the 25th percentile and would be significantly above the average salary. This is particularly true for different parts of the country where the effect of London salaries has a particular skewing effect, perhaps even beyond the so-called London-weighting that many jobs offer. There is therefore a question about whether it would be preferable to introduce different salary levels for different regions, which is likely to be attractive for some parts of the country and would fit well with the “place” agenda in the Industrial Strategy but would be likely to cause difficulties to employers that operate across the UK.
30. The second area where the £30,000 doesn’t represent the 25th percentile would be for specific industries where the overall data would be skewed by particularly high paying industries. This would include the creative industries – where a recent survey by the Creative Industries Federation outlines that many highly skilled and talented individuals earn less than the £30,000 salary threshold. 81% of those surveyed by the Federation said that they would face challenges if they were unable to hire highly skilled and talented EEA workers on salaries below this level - but would also include a number of other key areas of the economy including agri-food industry which has both skills and labour shortages¹.
31. For example, looking at the Longitudinal Educational Outcomes² data – which is for UK graduates but gives an indication of the different salaries for different industries. The table below shows the differences in salaries, and whereas it takes about 10 years for the median salary for UK graduates to reach the £30,000 salary threshold, even at the ten year points the median salaries for the creative industries and agri-food industry are significantly below that figure.

Years after graduation	2016/17 tax year	Creative Industries	Agriculture, food and related studies
One year	19,900	14,900	17,300

¹ <https://www.fdf.org.uk/workforce.aspx#item1>

²

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/790223/Main_text.pdf

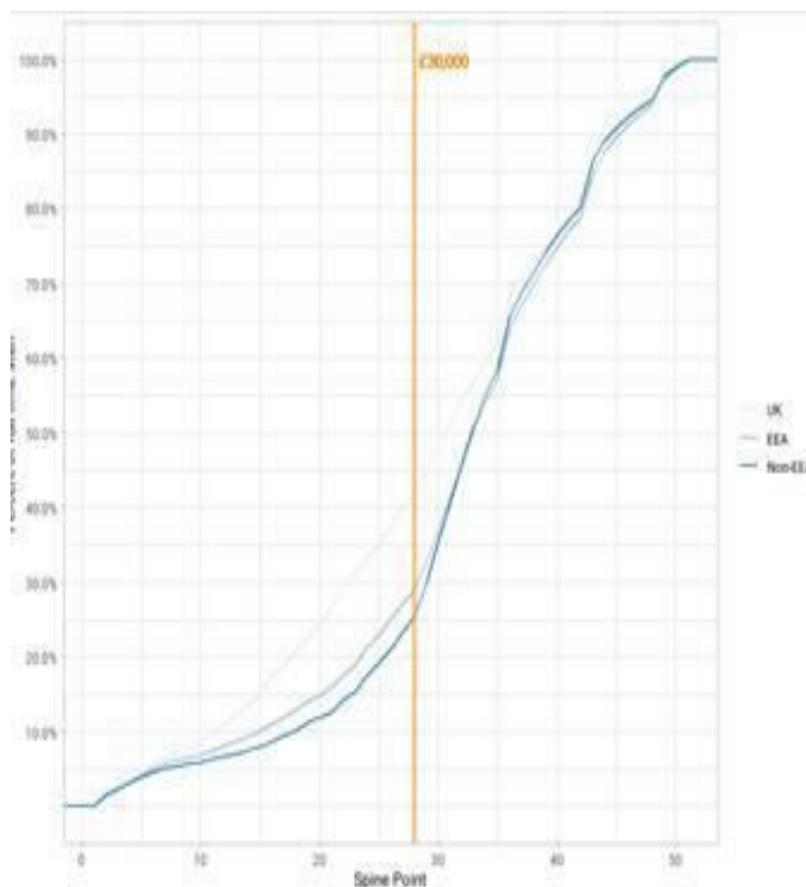
Three years	23,300	18,500	19,500
Five years	26,000	20,500	21,700
Ten years	30,500	23,300	25,100

32. However, whilst different salary thresholds for different parts of the economy would be attractive it should be recognised that there might be challenges for specific roles. For example, an HR manager in the creative industries would be likely to be paid less than an HR manager in a bank in the City. In addition, would the HR manager be classified as HR or creative industries?
33. The third consideration is the equality impact of a high salary threshold on people with particular protected characteristics, such as gender or ethnicity, where there are historically large pay differentials.
34. This might suggest that too much variation of the salary threshold would introduce a level of unnecessary complication and confusion to the system. Therefore, if there is to remain a salary threshold then it would probably be easier to set a single level that is appropriate for all parts of the country and sectors of the economy and does not have a negative equality impact. This lower level would make it simple to understand, but we strongly argue that salary should be just one of the elements feeding into a points-based system.
35. ***We would therefore propose that if there is to be a salary threshold, and even if this was significantly below the current £30,000 proposal, that the impact of any salary threshold should be modelled on different sectors of the economy and parts of the country, and potentially lowered for these.***

What type of job roles in higher education are there at different salary levels?

36. If there is a salary threshold it is important to consider the type of job roles that may fall above and below a particular threshold. Our members commented that the proposed salary threshold would make it difficult to recruit for some research posts, technicians, language assistant and knowledge transfer posts.

37. The chart below shows the approximate proportion of staff below the £30,000 threshold. It is based on the [national pay spine](#), with point 28 approximately £30,000. This chart shows that over 25% of non-EEA staff are currently earning below the £30,000 threshold, rising to 29% of EEA staff. This would therefore have a potentially very significant impact of UK higher education institutions if the threshold were introduced at the current proposed level.



Conclusion

38. In conclusion we believe that it is not necessary to have a salary threshold, but that if this is retained that it is low enough not to have detrimental impacts on specific

sectors of the economy or regions of the country and should be just one element in a points-based system.

For more information contact:

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Annex A: MAC Call for Evidence Questions for representative organisations

This document provides the list of questions contained in the MAC Call for Evidence online form. This is to help you gather your responses only, please use the online tool to submit your responses.

The questions below are for representative organisations providing their views on behalf of other organisations.

About you

1. What is the name of your organisation? **GuildHE**

2. What is your email address? **Alex.bols@guildhe.ac.uk**

3. Which of the following options best describe your reason for completing this form?
I am providing evidence of recruitment and salaries within my own organisation

I am providing evidence of recruitment and salaries in the sector, on behalf of other organisations/members or as a recruitment business.

The questions that follow in this form are for those that have chosen the second option in question 3.

About your organisation

4. Which of the following best describes your organisation?

Private sector

Public sector

Third sector

Other (please specify)

5. How many businesses /organisations do you represent?

Under 5

5- 49

50- 499

500- 5,000

5,000+

About the businesses/organisations you represent

6. How have you engaged the businesses/ organisations you represent to inform this consultation response?

Ongoing dialogue as part of business as usual

Specific events/contact arranged to discuss this consultation

Other (please specify):

7. Thinking of the businesses/organisations you have engaged with, in general are their staff concentrated in specific UK countries/regions or are they nation-wide?

Concentrated

Nation-wide

Question 8 is for only applicable if you have chosen the first option in question 7 (concentrated). For those that chose the second option (nation-wide) please answer question 9 onwards.

8. Following on from the previous question, which regions(s)/country(ies) are staff concentrated?

North East

North West

Yorkshire and The Humber

East Midlands

West Midlands

East of England

London

South East

South West

Scotland

Wales

Northern Ireland

England

9. Thinking of the businesses/organisations you engage with, tick all the relevant sectors they cover from the list below: (Please select all that apply)

For more information about the sectors please refer to the link below:

<http://resources.companieshouse.gov.uk/sic/>

Agriculture, Forestry and Fishing

Mining and Quarrying

Manufacturing

Electricity, gas, steam and air conditioning supply

Water supply, sewerage, waste management and remediation activities

Construction

Wholesale and retail trade; repair of motor vehicles and motorcycles

Transportation and storage

Accommodation and food service activities

Information and communication

Financial and insurance activities

Real estate activities

Professional, scientific and technical activities

Administrative and support service activities

Public administration and defence; compulsory social security

Education

Human health and social work activities

Arts, entertainment and recreation

Other service activities

Activities of households as employers; undifferentiated goods-

Activities of extraterritorial organisations and bodies

10. Thinking of the businesses/organisations you engage with and their number of employees, tick all size bands that they cover:

0-9 employees

10-49 employees

50-249 employees

250-499 employees

500+ employees

11. Thinking about the businesses/organisations you engage with, are the majority roughly of a similar size in terms of the number of employees (e.g most SMEs or most large organisations)?

Yes

No

Question 12 is only applicable if you have answered yes to question 11, if you have answered no please answer question 13 onwards.

12. Thinking of the businesses/organisations you engage with and their number of employees which size band(s) are they concentrated in?

0-9 employees

10-49 employees

50- 499 employees

500+ employees

Employment of migrant workers

13. To your knowledge, have the organisations you have engaged with recruited any of the following workers in the past 5 years: (Please select all that apply)

[Workers from EEA countries: the EEA includes all European Union (EU) countries plus Iceland, Liechtenstein and Norway. We also include Switzerland as part of our definition. Workers from non-EEA countries: workers from outside of EU countries plus Iceland, Liechtenstein Norway and Switzerland.]

UK and/or Irish workers

Workers from EEA countries outside of the UK and/or Ireland

Workers from non-EEA countries

Don't know

14. In the next 12 months are they likely to recruit: (Please select all that apply)

UK and/or Irish workers

Workers from EEA countries outside of the UK and/or Ireland

Workers from non-EEA countries

Don't know

Experience of Tier 2 (General) visa

Questions 15- 20 are only applicable if you have answered 'workers from non-EEA countries outside of the UK and/or Ireland' to question 13, others should complete question 21 onwards.

15. Following on from the previous question, were these non-EEA workers recruited under the Tier 2 (General) visa system?

Yes some

Yes all

No

Don't know

16. Are the salaries required by the Tier 2 (General) immigration rules generally:

Higher than what they would normally pay

About the same

Lower than they what would normally pay

Don't know

17. Have the organisations that you represent experienced any issues with Tier 2 (General) visa salary requirements? If so, what were they?

(In 200 words)

For some research posts, technician language assistant and knowledge transfer posts we know that it will be difficult to recruit from an international market as our salaries for these kind of posts do not meet the minimum salary threshold.

18. Have any of the Tier 2 (General) visa employees employed by your members (or organisations you represent) applied or tried to apply for settlement?

Yes

No

Don't know

Question 19 and 20 are only applicable if you have answered 'yes' in question 18, others should complete question 21 onwards.

Experience of Tier 2 continued

Migrants on Tier 2 (General) visas are eligible to apply for settlement (indefinite leave to remain) after 5 years in the UK. Those migrants coming to the UK on or after the 6th April 2011

have also had to meet a minimum salary threshold, currently £35,800, in order to be successful in their application for settlement. There is an exemption to this salary threshold for migrants employed in shortage occupations.

19. In general, was the settlement income threshold (currently £35,800)?

Above their current salary

About the same as their current salary

Below their current salary

Don't know

20. Please provide any additional views of Tier 2 (General) visa settlement

(In 200 words)

We do not think there should be an income requirement for settlement. While in most cases our Tier 2 sponsored employees will be paid at the current income threshold after five years of employment, the income requirements do not reflect the lower salaries paid to early career researchers and academic staff, who are highly qualified and skilled, but are often paid at a lower level during doctoral studies or in post-doctoral roles early in their careers.

The following questions should be answered by everyone.

Salary thresholds

Our commission from the government asks us to consider both the mechanism for setting minimum salary thresholds and the appropriate level.

21. To what extent would the businesses/organisations you have engaged with agree or disagree with the following statements: (strongly agree, agree, neither agree nor disagree, disagree, strongly disagree)

There should not be a minimum salary threshold above the legal requirement (the national minimum wage) - **Agree**

If there is a salary threshold it should be applied universally across the economy and UK, with a few exceptions to keep the system simple – **Disagree**

If there are salary thresholds, there need to be a variety to reflect employer needs - **Agree**

If you have an alternative model you wish to describe, please explain it here (in 200 words)

Whether any salary threshold should be applied universally or vary by employer would depend on the salary threshold. A low threshold could apply universally, whereas there would need to be variety by sector/employer/role if thresholds are higher.

- 22.** If there were tailored salary thresholds, to what extent would the businesses/organisations you have engaged with agree that they should be varied by: (strongly agree, agree, neither agree nor disagree, disagree, strongly disagree)

Sector - **Agree**

Region/country - **Agree**

New entrants/young workers – **Strongly Agree**

Occupation – **Strongly Agree**

- 23.** Do the businesses/organisations you engage with most commonly think that jobs judged to be in shortage (such as those on the Shortage Occupation List) should have:

Higher salary thresholds compared to those not in shortage

The same salary thresholds compared to those not in shortage

Lower salary thresholds compared to those not in shortage

Don't know

24. Do the businesses/organisations you engage with most commonly think that having a salary threshold equivalent to the 25th percentile of the full-time pay distribution for employees in that occupation is:

[25th percentile: 75% of full-time employees in an occupation earn the threshold amount or more, and 25% earn less]

Too high

About right

Too low

Don't know

Please explain your answer (in 200 words)

25. Do the businesses you engage with most commonly think that having a minimum salary requirement of £30,000 for an experienced full-time employee is:

Too high

About right

Too low

Don't know

Please explain your answer (in 200 words)

26. What do you think should be counted towards the salary for assessing whether an individual meets the threshold? (Please select all that apply)

Company car/ travel allowance - 5

Pension contributions - 2

Employee equity ownership schemes - 6

Part-time working patterns - 1

Commission - 4

Housing allowances - 3

Other cash/non-cash remuneration please specify (in 200 words):

27. Following on from the previous question, please list your responses in order of importance with 1 being the most important and 6/7 being the least.

28. Are there any other issues we should consider? (in 200 words)

Any threshold should allow for part-time working, i.e. apply the threshold pro rata.

29. Please attach any additional evidence you would like us to consider

Australian Points Based System

30. The Government is considering adopting an Australian type Points Based System. In your opinion, please tell us the relative importance of the following characteristics typically used to award points to migrants by ranking them where 1 is the most important and 8/9 is the least important.

Language proficiency - 5

Having studied in the UK - 7

Work experience - 3

Age - 8

Education attainment - 4

Having a job offer - 1

Salary - 6

Priority occupations - 2

Other, please specify

Adding to the UK's cultural diversity

MAC stakeholder database

31. Would you like to be added to our stakeholder database for future research purposes and updates on MAC work?

Yes

No

32. We may require follow-up to clarify or supplement your responses to the online form, or for follow-up research.

Do you consent to be contacted to clarify or supplement your responses?

Yes

No

This is the end of the form