

# Minimum Salary Thresholds for Tier 2 – Call for Evidence

## UCEA response on behalf of HE sector employers

July 2015

### 1 Executive summary

- 1.1 This response compiles evidence from UCEA's UK-wide higher education institution members and higher education sector data in order to inform the Migration Advisory Committee's (MAC) call for evidence on minimum salary thresholds for Tier 2 migrants. We are aware that a number of these institutions have also provided responses directly to the MAC to express their concern about the proposed changes to the current salary thresholds.
- 1.2 Our member institutions place a very high value on their ability to recruit the best talent from both the UK and overseas. We wish to work with the MAC, Home Office and UK Visas and Immigration (UKVI) to ensure the ongoing effectiveness of the Points Based System (PBS) and to ensure that the UK maintains its international status as a premier destination for academic talent.
- 1.3 The academic employment market is highly international in scope and ranges from the retention of non-EU research students studying in the UK, which comprise 29.5 per cent of postgraduate research students, through to the recruitment of leading academics from overseas. It is commonplace for academics to spend a period of time employed overseas, with the UK an attractive destination due to its world-leading research and the international character of its campuses.
- 1.4 11.4 per cent of the academic workforce are from non-EU nationalities and the figures are significantly higher in STEM disciplines - 20.1 per cent of the sector's academic workforce in engineering and technology are from non-EU nationalities and 14.1 per cent of those in biological, mathematical and physical sciences. These two groups comprise 27.1 per cent of the total academic workforce and are critical to delivering high-quality research and preparing STEM graduates for the UK economy.
- 1.5 The proposals outlined in the call for evidence, if implemented, would cause considerable damage to the HE sector in terms of its ability to recruit international academic talent, maintain international competitiveness in research and innovation, and deliver world class research in an efficient manner. If the minimum salary thresholds are set too high, it would have two likely consequences: (i) it would prevent the recruitment of suitable individuals and/or (ii) it could create a situation where non-EU nationals would have to be paid higher salaries than their UK or EU equivalents in order to meet the threshold. This would mean that salaries across the board might

have to be revised to adhere to the sector employers' legal duties and commitments to equal pay for work of equal value. It would also mean that the cost of undertaking research would increase which would a) reverse the progress the sector has made on improving research efficiency following the Wakeham Review and b) reduce the sector's international competitiveness in bidding for research.

1.6 We believe that the evidence and analysis provided in this response is conclusive in support for the following proposals:

- The Codes of Practice for higher education teaching professionals (2311) should retain the link to the sector's nationally negotiated pay spine. The introduction of minimum appropriate pay linked to percentile earnings would undermine this arrangement and have negative unintended consequences in the form of pay inequalities and salary inflation.
- The salary thresholds for researchers in higher education (211x, 2426) should be set with relevance to the evidence supplied by RCUK, UCEA and other not-for-profit and publicly-funded employers. UCEA recommends that the current thresholds are retained as our analysis of researcher pay data shows these to be appropriate.
- The Tier 2 general minimum salary of £20,800 is not increased beyond an inflationary increase. If the £24,800 minimum is introduced it would affect many early career research schemes / roles at UK HEIs and therefore an exemption should be considered for SOC codes 211x (e.g. 2112, 2114, 2119), 2426 and 2311.
- That the evidence provided in this proposal is considered alongside the wider consultation rather than reviewing salary thresholds in isolation.

## 2 Introduction

- 2.1 This is a response by the Universities and Colleges Employers Association (UCEA), which represents the views of higher education institutions (HEIs) across the UK in their capacity as employers.
- 2.2 This response compiles evidence from our member institutions in addition to presenting an analysis of higher education sector workforce and pay data in order to inform the Migration Advisory Committee's (MAC) call for evidence on minimum salary thresholds for Tier 2 migrants.
- 2.3 Given the international nature of UK higher education, our member institutions place a very high value on their ability to recruit the best talent from both the UK and overseas. We wish to work with the MAC, Home Office and UK Visas and Immigration (UKVI) to ensure the ongoing effectiveness of the Points Based System (PBS) and to ensure that the UK maintains its international status as a premier destination for academic talent. Should there be any clarification required relating to the evidence or proposals set out in this document we would be happy to discuss these in further detail with the Committee.
- 2.4 While we appreciate that salary thresholds are an important part of the Tier 2 migration policy, we believe that there is benefit in considering changes to these alongside the information provided in the wider review due to conclude by mid-December.
- 2.5 Although this consultation is tight in its scope, the proposals, if implemented, would cause considerable damage to the HE sector in terms of its ability to recruit international academic talent, maintain international competitiveness in research and innovation, and deliver world class research in an efficient manner. This consultation has provided a short window to gather, analyse and present evidence to the Committee, but we believe that the evidence and analysis provided in this response is conclusive in support for the following proposals:
  - The Codes of Practice for higher education teaching professionals (2311) should retain the link to the sector's nationally negotiated pay spine. The introduction of minimum appropriate pay linked to percentile earnings would undermine this arrangement and have negative unintended consequences in the form of pay inequalities and salary inflation.
  - The Tier 2 general minimum salary of £20,800 is not increased beyond an inflationary increase. If the £24,800 minimum is introduced it would affect many early career research schemes / roles at UK HEIs and therefore an exemption should be considered for SOC codes 211x (e.g. 2112, 2114, 2119), 2426 and 2311.
  - The salary thresholds for researchers in higher education (211x, 2426) should be set with relevance to the evidence supplied by RCUK and UCEA on salary levels. UCEA recommends that the current thresholds are retained as our analysis of researcher pay data shows these to be appropriate.

### 3 Universities as employers

- 3.1 Higher education institutions (HEIs) are valuable strategic assets operating in an international context. The academic employment market is highly international in scope and ranges from the retention of non-EU research students studying in the UK, which comprise 29.5 per cent of postgraduate research students, through to the recruitment of leading academics from overseas. It is commonplace for academics to spend a period of time employed overseas, with the UK an attractive destination due to its world-leading research and the international character of its campuses.
- 3.2 Non-EU academics play an important role in supporting the UK's world-leading academic institutions and departments. International academics help in the development of international collaborations and to attract funding from European and international research funders. Universities also employ a wide range of non-academic staff at NQF6+. They seek to attract the best candidates to these roles, irrespective of nationality, in order to continue to advance their reputation and standing domestically and internationally.
- 3.3 As shown in Table 1, 11.4 per cent of the academic workforce is from non-EU nationalities and the figures are significantly higher in STEM subjects - 20.1 per cent of the sector's academic workforce in engineering and technology are from non-EU nationalities and 14.1 per cent of those in biological, mathematical and physical sciences. These two groups comprise 27.1 per cent of the total academic workforce and are critical to delivering high-quality research and preparing STEM graduates for the UK economy.

**Table 1: Higher education staff by nationality and cost centre, 2013-14**

Cost centre	Nationality				Total
	UK	EU (excluding UK)	Non-EU	Unknown	
Engineering & technology	61.3%	17.0%	20.1%	1.5%	100.0%
Administrative & business studies	67.2%	14.6%	15.4%	2.8%	100.0%
Biological, mathematical & physical sciences	62.6%	21.1%	14.1%	2.1%	100.0%
Humanities & language based studies & archaeology	64.8%	20.6%	12.2%	2.4%	100.0%
Social studies	69.5%	16.2%	11.8%	2.5%	100.0%
Architecture & planning	73.1%	13.0%	10.3%	3.4%	100.0%
Medicine, dentistry & health	75.9%	13.2%	8.6%	2.3%	100.0%
Agriculture, forestry & veterinary science	75.2%	15.8%	8.1%	0.6%	100.0%
Design, creative & performing arts	79.3%	7.8%	5.4%	7.5%	100.0%
Education	88.0%	6.4%	3.5%	2.0%	100.0%
<b>Total all cost centres</b>	<b>70.9%</b>	<b>15.0%</b>	<b>11.4%</b>	<b>2.7%</b>	<b>100.0%</b>

Source: HESA staff record: Table 14 - Academic staff (excluding atypical) by nationality and cost centre group 2013/14

## 4 Consultation questions

### Q1 - How do the existing salary thresholds for Tier 2 compare to, and impact on, the overall wage distribution for each occupation?

- 4.1 Our member institutions report that the existing salary thresholds for new entrants to jobs covered by SOC codes 211x and 2311 are fit for purpose for the roles and job levels into which they are recruiting non-EEA migrants. Some HEIs report that for experienced workers working in the lowest research grade (postdoctoral researcher or equivalent), it is currently necessary to place Tier 2 migrants at the top of the pay grade to meet the threshold.

#### Academic staff (with teaching responsibilities) SOC 2311

- 4.2 The existing thresholds are well-aligned to the New JNCHES 51 point pay spine for higher education staff in terms of how these points are used for academic pay grades (which are determined by each HEI). While there is some variation in grading structures for academic staff (see Q8), the new entrant threshold (£25,000 in the CoP) aligns to point 22 (£24,775 as at 1 August 2014) which is a typical grade minimum for a teaching assistant / teaching fellow in a UK HEI. Similarly, the experienced worker threshold (£31,400) aligns to point 30 on the New JNCHES pay spine (£31,342) which is a typical grade minimum for a lecturer in UK HEIs. Further detail on grading structures and spine points is found in Q8.
- 4.3 As the thresholds are aligned to typical academic grading structures found in UK HEIs, there is no evidence to suggest that these thresholds have had a material impact on salary distribution or growth that would be different to that if only 'native' applicants were employed. Indeed, the current broad alignment with UK academic grading structures ensures that the salary thresholds do not create unintended consequences such as salary inflation and pay inequalities.

#### Researchers (211x and 2426)

- 4.4 Following the removal of minor SOC code 232 'researchers' in the SOC2010, there is no single SOC code that aligns to researchers.<sup>1</sup> The four digit codes typically used for these employees are 211x (most commonly 2119) and 2426. The thresholds for 211x, £21,000 and £27,200 for new entrants and experienced workers respectively, are currently fit for purpose as they reflect minimum salary levels for researchers entering the profession and the minimum for researchers at the next level - Table 2. The thresholds for 2426 'business and related researcher professionals' are marginally lower at £20,800 and £26,500 respectively.

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<sup>1</sup> The ASHE uses the Standard Occupational Classification (SOC) 2010 which significantly revised the existing classification including the introduction and removal of categories. One significant change with regard to HE was the removal of the 232 minor group 'research professionals' which consisted of three unit groups - 2321 – science researchers; 2322 - social science researchers; and 2329 – researchers n.e.c. (not elsewhere classified). SOC2010 did not replace the research professionals group and therefore there is no unit group that covers researchers exclusively.

- 4.5 As is the case for higher education teaching professionals, there is no evidence to suggest that Tier 2 migrants have had an impact on salary distribution or levels as pay levels are based on collectively-bargained and job evaluated pay grades.

**Table 2: Salaries for researchers in UK HEIs, first two levels**

Level	Example role titles	LD £	LQ £	Median £	Mean £	Count
L	Research assistant	26,274	28,695	31,342	31,603	6692
M	Junior research assistant	21,729	24,504	26,274	26,194	907

Source: UCEA/XpertHR Salary Survey of Higher Education Staff, 2015. Data as at 1 February 2015. Based on a total sample of 99 HEIs covering nearly 200,000 unique roles/salaries.

- 4.6 A more detailed discussion about the HE wage distribution and salary thresholds can be found under questions 5 and 6.

#### The National Framework Agreement

- 4.7 The National Framework Agreement (NFA) for higher education staff places a condition on employers that have implemented the agreement locally that all staff, irrespective of nationality, will be placed on the appropriate grade for the job. This arrangement precludes undercutting of wages.
- 4.8 The common practice within the Higher Education Sector is not to appoint any individual, UK, EEA or otherwise, into a post at a salary below that of the grade for the job; this would be a fundamental breach of the sector's agreed approach to grading and salary structures, and of equal pay principles. The common practice is to place applicants on the bottom of the scale for the relevant grade unless they can demonstrate specific skills or experience, or are moving from another HEI or employer where they enjoyed a higher salary; in which case they may be placed at an appropriate higher point within the pay scale for the post. As noted by one HEI:
- The nationally negotiated pay spine recognises the academic career trajectory and creating a threshold which is higher than the minimum pay point of this will mean that individuals have an artificial positioning unrelated to their career level, thereby undermining academic career progression model.*
- 4.9 The grading structure within each institution is modelled through a system of job evaluation onto grades placed against the 51 point national negotiated pay spine. In rare circumstances a market supplement (subject to regular review) may be objectively justified and added to the basic rate of pay.
- 4.10 Grading structures for academics are locally determined but do tend to be broadly similar given that HEIs are often competing in the same national / international labour market for these staff. There are some differences between pre and post 92 institutions and London institutions pay a London premium (either through a separate allowance or consolidated into their pay rates).
- 4.11 In most cases academic staff are employed in pay grades that provide annual

progression subject to satisfactory performance and up to the maximum of the grade level. Around three-quarters of HEIs also provide contribution-related progression points beyond the grade maximum. The average number of progression points in academic grades is 5 (UCEA, 2010) and promotion to the next grade is not automatic. It cannot be assumed that the 50th or 75th percentile salary will be reached even with significant experience.

4.12 For further detail on these arrangements please refer to appendix:

- The 51 point pay spine (2014-15)
- Examples of a university grading structures (pre-92 and post-92)

4.13 Rather than limiting undercutting, which would be almost impossible given strict grading structures linked to job evaluation, increasing the threshold to the 50th or 75th percentile could artificially inflate the salaries of non-EU migrants working in UK HEIs as they would need to be placed further up the grade than residents with equivalent skills and experience or, in some cases, above the grade maximum. This would carry risks of equal pay challenges and pay bill inflation in the face of a challenging financial environment. It would also create a two-tier pay system which would be inherently unfair to the resident population.

4.14 Highly-skilled individuals are not typically attracted to an academic career for its pecuniary benefits even though these are competitive. Survey research has found that academics are attracted to the profession primarily for the intellectual challenge, degree of independence, and their contribution to society (IDEA Consult, 2013) and academic research has found that HE careers offer significant intrinsic rewards including prestige, job autonomy and academic freedom. Significant additional financial and non-financial benefits such as defined benefit pension schemes and generous holiday allowance are also not reflected in basic salary information but contribute to the 'total reward' of the HE package. As noted by one HEI:

*Pay is not always a good proxy as the education sector is not particularly commercial. The HE sector has other benefits rather than salary including good pension schemes and holidays which are not represented by a salary alone.*

Similarly another HEI wrote:

*Taking into consideration that the higher education sector often struggles to compete with the salaries and bonuses paid to those in the private sector, it would be unfair if the methodology used by the Home Office to measure skill level was based simply on salary/financial recompense.*

**Q2 - What types of jobs and occupations are done by highly-specialised and/or highly-skilled experts, and is pay a good proxy for this high level of specialisation or skill?**

- 4.15 The primary occupations undertaken by highly-specialised/highly-skilled experts in the higher education sector are academic roles with teaching and/or research responsibilities. Typical job titles for these positions include: professor, associate professor, assistant professor, senior lecturer, lecturer, reader, associate lecturer, research fellow, teaching fellow, postdoctoral researcher. Our members also employ small numbers of IT and marketing specialists on Tier 2 visas.
- 4.16 The academic career path is highly structured and it can take decades to ascend from the bottom to the top as grading and pay increases up to professor level. This means that pay levels are not good proxies for specialisation or skill as a) pay levels are highly correlated with experience and b) progression through grades is not automatic but based on rigorous promotion criteria. While academic staff at the later stages of the career structure will be paid significantly more, this will typically reflect academic achievements, administrative and managerial responsibilities, achievements in research and teaching excellence and experience in addition to increases in skill or specialisation. As noted by a pre-92 university in Scotland:

*The (PhD) posts that we commonly recruit into are, in Higher Education terms, already highly-specialised and highly skilled. It has been stated previously in our consultation responses both to MAC and (former) UKBA that HEI salaries and particularly starting level salaries are usually lower than comparable posts in industry. We have long argued that it would be preferable to focus on skill level rather than salary level as a means of identifying the skill levels of occupations, especially in Higher Education and Research Institutes.*

And similarly from a Russell Group university:

*Pay is not a good proxy since we require a high level of skill at a relatively low level i.e. entry level academics require a PhD but the same would not be required at a comparable professional level in the wider market. Consequently, the salaries paid to highly-specialised or highly skilled experts have a lower starting point in the University context.*

Another Russell Group university notes:

*Skill level is not a question of earnings, it is about talent and ensuring the UK is able to attract, nurture and retain talent for the furtherance of knowledge and future generations.*

As noted by one HEI:

*Whilst pay, in some occupations may be a good proxy for specialisation/skill, in a public sector where salaries are driven by national negotiation, using pay as the key driver would be highly detrimental. Within the HE sector, the Framework Agreement single spine scale ensures that employees are paid appropriately for the roles they undertake and is broadly consistent across the U.K.*



**Q3 - What would be the impact of increasing the thresholds to a level that better aligns with the salaries of highly-specialised and/or highly-skilled experts?**

- 4.17 The salary thresholds already align to the salaries of high-specialised and/or highly-skilled experts as they are well matched to the appropriate grade entry points for such roles. As explained in response to other questions, any increase in the thresholds for new entrants or experienced workers would be severely detrimental to the sector's ability to recruit international talent, would create upward salary distortions, and be harmful to the UK's position as a world-leader in research. With regards to researchers we would prefer to retain the existing approach which gives strong emphasis on skills rather than salary level.
- 4.18 The specific proposal to increase the general minimum for Tier 2 migrants to £24,800 would present difficulties as it is an 18 per cent increase on the current minimum for 211x SOC codes which is currently considered appropriate for the sector and other employers of researchers such as research councils. As is argued in response to other questions we would strongly urge the committee to recommend against such a minimum for the higher education sector.

**Q4 - What would be the impact of increasing the thresholds to a level that restricts the route to occupations which are experiencing skills shortages to NQF level 6 or higher?**

- 4.19 Although the SOC codes primarily used are not 'shortage occupations', the individuals recruited into these positions will typically hold qualifications at NQF level 8. The salary threshold is therefore irrelevant to the qualification level of the applicant since even at the lowest salary percentile, the job will require a level 8 qualification. The possible exceptions to this would be PhD candidates who are employed as graduate teaching assistants or research assistants while completing their studies.

**Q5 - What would be the impact of increasing the Tier 2 minimum thresholds from the 10<sup>th</sup> to the 25<sup>th</sup> percentile for each occupation for new entrant workers?**

**Q6 - What would be the impact of increasing the Tier 2 minimum thresholds from the 25<sup>th</sup> to the 50<sup>th</sup> or 75<sup>th</sup> percentiles for each occupation for experienced workers?**

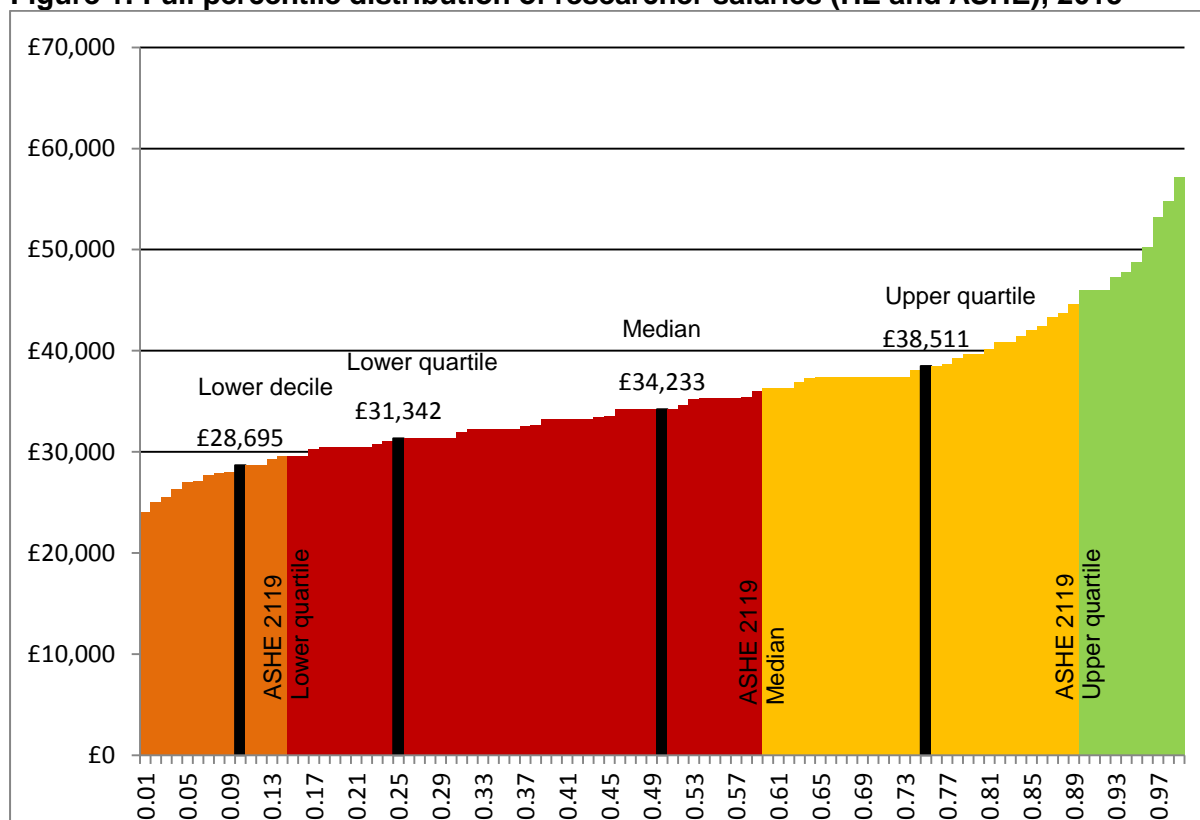
- 4.20 The introduction of minimum earnings requirements based on percentile earnings obtained from ASHE data, as opposed to a link to the NFA, will exclude a large proportion of staff currently employed in universities and effectively limit academic recruitment to those working at the level just below that of a professor. This will severely impact on UK HEIs which typically recruit to academic and research positions at a specific level, not to a broad occupation and have dynamic early career research programmes that employ researchers from across the world.
- 4.21 As noted in previous submissions, the use of wage distributions to set the pay threshold for Tier 2 migrants working in higher education is inappropriate for several reasons. The first is the limitations of the ASHE as a tool for pay benchmarking. Secondly, the sector data on pay and grading for academic staff shows that such an

approach would severely limit ability to recruit staff from non-EEA countries. This section begins with commentary on the limitations of the ASHE, an illustration of how ASHE data does not align to research occupations in the sector, and concludes with an analysis of the impact of introducing salary thresholds based on the 25<sup>th</sup> or 50<sup>th</sup> percentile for new entrants and the 50<sup>th</sup> and 75<sup>th</sup> percentile for experienced staff.

#### Use of ASHE for pay benchmarking

- 4.22 The ASHE is an excellent source of data for earnings in the economy but it is limited as a pay benchmarking tool for professional occupations as it provides no indication of job level. Unlike commercial pay benchmarking surveys, the SOC codes do not account for differences in job level which, in professional occupations are significant.
- 4.23 The use of a percentile approach will typically be inadequate as a proxy for skill / expertise for professional occupations where there is a formal career structure such as higher education (2311). For example, the ASHE data for higher education teaching professionals is based on analysis of the full range of teaching roles; from graduate teaching assistants through to professors. This distorts the overall average salary for higher education teaching professionals through the inclusion of all levels of seniority within one SOC code. For example, the ASHE includes professors whose full-time salaries average £75,284 with an interquartile range of £63,036 to £83,000 (HESA, 2013-14).
- 4.24 The ASHE data for the most commonly used SOC researcher codes do not align to sector data. As illustrated by Figure 1, the distribution of the HE researcher population differs significantly from the 2119 SOC code with a higher lower quartile but a significantly lower upper quartile. This is important as it shows that the 50<sup>th</sup> percentile of the ASHE data is the 60<sup>th</sup> percentile of HE researcher population and the 75<sup>th</sup> percentile of the ASHE is equivalent to the 90<sup>th</sup> percentile. In other words, the use of the 50<sup>th</sup> or 75<sup>th</sup> ASHE percentile for experienced hires would exclude 60 per cent or 90 per cent respectively of the current researcher population.
- 4.25 The difference between the sector data and the ASHE data will be in part due to the diversity of roles and sectors captured by the 2119 SOC code. According to ONS data specially commissioned by UCEA, the 2119 code includes an estimated 19,000 employees in the HE sector and 27,000 from other sectors. These data show that the median pay for the HE group was lower than that for the 'not-HE' group in 2013.

**Figure 1: Full percentile distribution of researcher salaries (HE and ASHE), 2015**



N=26,772.

Source: UCEA/XpertHR and ASHE. Black bars indicate summary statistics for the HE researcher population based on UCEA/XpertHR data. The coloured sections indicate the groups below the lower quartile (orange), median (red) and upper quartile (yellow) based on the ASHE data on full-time earnings for SOC code 2119.

Impact of using current ASHE percentiles (10<sup>th</sup> and 25<sup>th</sup>)

4.26 The actual effect of the lack of level differentiation within the ASHE can be illustrated using data from the UCEA/XpertHR salary survey<sup>2</sup> (Table 4 and Table 5) and the current and proposed quartile distributions from the ASHE (Table 3).

4.27 Although the Code of Practice (CoP) currently uses the appropriate JCHES pay spine points to set salary thresholds, we begin by providing an analysis of the impact of using the 10<sup>th</sup> and 25<sup>th</sup> percentile are shown below as this is the default arrangement for other groups.

<sup>2</sup> The UCEA/XpertHR Salary Survey of Higher Education Staff is a commercial pay club in which 99 HE institutions participated last year. The survey collects individual salaries of all staff below professor level (or its professional services equivalent) – typically those staff covered by the National Framework Agreement. The survey is run annually and the 2015 database included nearly 200,000 individual salaries of both academic and professional services staff. Data for 2015 is collected as at February 2015.

*Academic staff (with teaching responsibilities) – (SOC 2311)*

- 4.28 Under this arrangement, the new entrant threshold would be £28,578 which would exclude a small number of staff who are in level M roles and would require HEIs to place the typical new entrant into the profession (level L in the table) above the lower quartile which would be well above the entry point for new joiners. Within grade progression is typically worth 3 per cent per annum which means that if the new entrant began on £28,578 they would be paid around £31,225 by year three – the following year they would automatically be classified as an experienced worker and need a 20.5 per cent pay increase to reach the 25<sup>th</sup> percentile and remain in the UK.
- 4.29 For experienced hires, the application of the 25<sup>th</sup> percentile figure from the ASHE (£37,637) would prohibit HEIs from recruiting staff with more than three years' experience to lecturer level (K) and all levels below. Although theoretically possible, it is unlikely that an early career academic would meet the criteria of an academic post at level J within three years of graduation from PhD.

*Researchers (SOC 211x and 2426)*

- 4.30 As Table 4 and 5 show, the distribution and value of salaries at each level is largely the same at each job level which reflects the job evaluation used at all HEIs. However, as Figure 1 shows, the distribution of research staff in the sector is significantly different from other academic staff with teaching responsibilities. The chart shows that 81.6 per cent of researchers are in jobs at level K or below with 53.2 per cent and 25 per cent at levels K and L respectively. The lower decile of the 2119 SOC group (i.e. the current default ASHE level for new entrants) in the 2014 ASHE is broadly in line with the lower decile for researchers at level L but the figure for the 2426 group is not disclosable. At the lower quartile, the 2119 figure (£29,518) is near the median for Level L and the lower decile for Level K. While these levels are broadly in line with the current distribution of salaries for the relevant job levels, they are above the entry level salaries that would typically be used for these employees.

**Table 3: Higher education teaching professionals, earnings by percentile, 2014 (prov.)**

SOC Code	Occupation	Lower decile (10th)	Lower quartile (25th)	Median (50th)	Upper quartile (75th)
2311	Higher Education Teaching Professionals	28,578	37,637	45,978	54,885
2119	Natural and social science professionals n.e.c.	25,385	29,518	35,860	44,108
2426	Business and related research professionals	X	26,509	31,913	36,540

Source: ASHE.

**Table 4: Salary distribution, all academic staff (excluding professors), 2015**

	<b>LD £</b>	<b>LQ £</b>	<b>Med £</b>	<b>Av £</b>	<b>Ind. No.</b>	<b>Org. No.</b>
I Principal (post 92) / Senior Lecturer (pre 92), Principal Research Fellow	49,161	53,180	54,841	55,099	15726	96
J Senior Lecturer (post 92) / Lecturer B (pre 92), Senior Research Fellow	39,685	42,171	45,954	45,110	30564	97
K Lecturer (post 92) / Lecturer A (pre 92), Teaching Fellow	30,434	32,277	35,256	35,529	25188	94
L Trainee Lecturer / Teaching Assistant / Research Assistant	25,513	27,657	30,434	30,578	11886	88
M Junior Research Assistant	21,000	22,685	24,775	25,328	1591	54

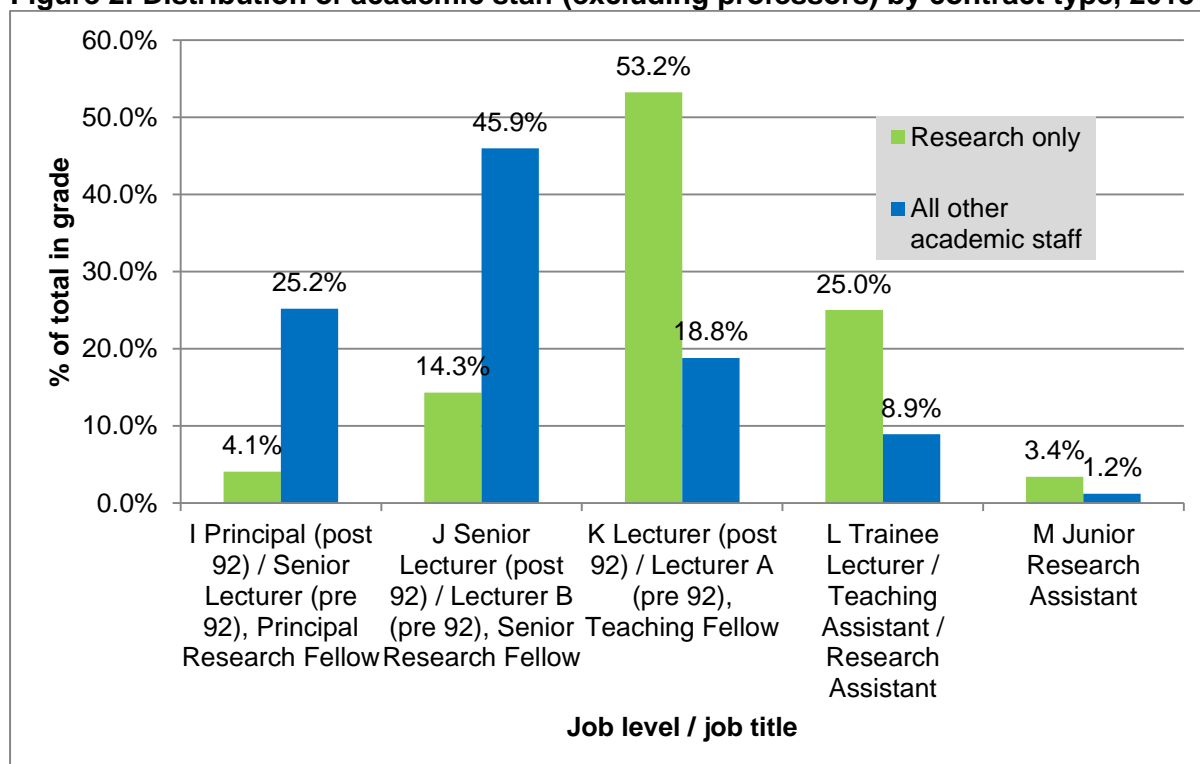
Source: UCEA/XpertHR Salary Survey of Higher Education Staff, 2015. Data as at 1 February 2015 and refers to basic salary only inclusive of market and London allowances. Based on a total sample of 99 HEIs covering nearly 200,000 unique roles/salaries.

**Table 5: Salary distribution, research-only contracts, 2015**

	<b>LD £</b>	<b>LQ £</b>	<b>Med £</b>	<b>Av £</b>	<b>Ind. No.</b>	<b>Org. No.</b>
I Principal (post 92) / Senior Lecturer (pre 92), Principal Research Fellow	50,200	51,785	54,841	55,451	1087	65
J Senior Lecturer (post 92) / Lecturer B (pre 92), Senior Research Fellow	38,940	40,847	44,620	44,166	3832	67
K Lecturer (post 92) / Lecturer A (pre 92), Teaching Fellow	30,434	31,342	34,233	34,397	14254	77
L Trainee Lecturer / Teaching Assistant / Research Assistant	26,274	28,695	31,342	31,603	6692	76
M Junior Research Assistant	21,729	24,504	26,274	26,194	907	39
<b>Total (all levels)</b>	<b>28,695</b>	<b>31,342</b>	<b>34,233</b>	<b>35,674</b>	<b>26772</b>	<b>88</b>

Source: UCEA/XpertHR Salary Survey of Higher Education Staff, 2015. Data as at 1 February 2015 and refers to basic salary only inclusive of market and London allowances. Based on a total sample of 99 HEIs covering nearly 200,000 unique roles/salaries.

**Figure 2: Distribution of academic staff (excluding professors) by contract type, 2015**



Source: UCEA/XpertHR Salary Survey of Higher Education Staff, 2015. Data as at 1 February 2015 and refers to basic salary only inclusive of market and London allowances. Based on a total sample of 99 HEIs covering nearly 200,000 unique roles/salaries.

Impact of using proposed ASHE percentiles (25<sup>th</sup> or 50<sup>th</sup> for new entrants and 50<sup>th</sup> or 75<sup>th</sup> for experienced workers)

- 4.31 While the impact of using the current ASHE percentiles would challenge the sector's ability to recruit international talent into early career academic and lecturer positions, the proposed percentiles in the call for evidence would be damaging. This section details the impact that such an approach would have on the sector and includes verbatim responses from our members.
- 4.32 **Higher education teaching professionals (2311):** Use of the 25<sup>th</sup> percentile (£37,637) for this group would require HEIs to appoint Tier 2 employees to either the top of the entry lecturer grade or into a senior lecturer/experienced lecturer position (lower decile of £39,685). The use of the median (£45,978) would entirely prohibit HEIs from recruiting new entrants into the profession as they would need to be paid the equivalent of an experienced lecturer (B) in a pre-92 university or a senior lecturer in a post-92 university. This is over £20,000 more than what a typical teaching fellow would earn (lower decile of level L is £25,513) and £15,000 more than an entry-level lecturer. As noted by one HEI:

*Within code 2311, the 25th percentile appears to be too high for new entrants. The equivalent salary here is the fifth point of seven on our lecturer scale, which would require a person to have a significant level of experience – more than is generally likely for someone who qualifies as a new entrant. Of our recent appointees in this category the majority of new entrants are appointed*

*on the first point of our scale at £33,242.*

Similarly from three other HEIs:

*Academics and researchers normally take many years to progress from the entry level salary to the 25th percentile.*

*An increase to the 50th Percentile would exclude all lecturers and many Senior Lecturers.*

*Increasing from the 10th to 25th percentile (using the ASHE data) would have a significant impact on the numbers of new entrants who could be appointed to roles.*

- 4.33 The use of the upper quartile (£54,885) for experienced workers would prohibit HEIs from hiring academic staff from abroad in any roles below principal / senior lecturer and even at that level these staff would need to be appointed towards the top of the pay scale. Such an approach would effectively mean that the only non-EU international appointments would be at professorial level or just below. As noted by one HEI:

*The proposed pay percentiles would only allow the appointment of international academics as senior professors, which would remove our ability to develop talent from entry-level onwards in the UK*

- 4.34 **Researchers (211x and 2426):** With reference to the 2119 SOC code, which is the most commonly used by HEIs, the use of the 25<sup>th</sup> percentile for new entrants (£29,518) would be a 40.6 per cent increase on the current threshold (£21,000) and force HEIs to place newly appointed researchers at the midpoint of a typical entry level research grade. For some HEIs it would entirely restrict the appointment of early career researchers. These responses from four HEIs are typical:

*The ability to appoint to Graduate Teaching Assistant and Research Assistant roles would be inhibited as starting salaries for such roles would fail to reach this level of benchmark.*

*The impact of increasing the minimum salary thresholds for new entrants from the 10th to the 25th percentile (£29,518) may inhibit the University's ability to appoint the best candidate for its early career research positions. The starting salary for a Research Assistant at the University is £24,775 per annum.*

*We have historically used these codes to appoint KTP Associates – a government-funded scheme which is based on a spot salary of around £24,000. We would be unable to fill these posts with non-EU migrant workers, and would therefore potentially lose both the funding and the link with the employer.*

*As the ASHE thresholds do not equate to HE academic roles and associated pay, any move to align salaries, as suggested, would have a major impact on our ability to recruit from the international market. Our Early Career Research Programme would be significantly undermined; this would negatively impact*

*on our ability to bid for grants which would ultimately damage the UK economy.*

- 4.35 The use of the 50<sup>th</sup> percentile (£35,860) for new entrants would have a more significant effect as it would prohibit any recruitment into typical early career research grades and require appointment at the upper level of a research fellow (or equivalent) position. As noted by one university:

*Impact would be highly negative and would result in some PhD qualified research staff being unable to receive sponsorship. All existing grade 6 post-graduate research assistants would be excluded, as would grade 7 post-doctoral research assistants and – to an extent – some grade 8 research fellows. This is at 25 percentiles, any higher would have an even greater significantly negative impact and exclude more than 50% of all researcher appointments.*

- 4.36 For all groups there is difficulty in the application of the experienced threshold after three years. In most cases the shift required is monumental and the expectation that an individual would move a full quartile along a professional occupational salary distribution in three years is misguided.

Unintended consequences of the proposed percentile approach

- 4.37 Starting salaries reflect individuals' skills, experience and qualifications. If the minimum salary threshold were set too high, it would have two likely consequences: (i) it would prevent the recruitment of suitable individuals and/or (ii) it could create a situation where non-EU nationals would have to be paid higher salaries than their UK or EU equivalents in order to meet the threshold. This would mean that salaries across the board might have to be revised to adhere to the sector employers' legal duties and commitments to equal pay for work of equal value. It would also mean that the cost of undertaking research would increase which would a) reverse the progress the sector has made on improving research efficiency following the Wakeham Review (UUK, 2015) and b) reduce the sector's international competitiveness in bidding for research.
- 4.38 This point has been emphasised by several different HEIs:

*This means that contrary to concerns in [section 1.5 in the call for evidence] about undercutting resident labour force we actually have to pay more to overseas workers to allow sponsorship and employment.*

*Increasing the salary threshold for overseas applicants would leave us with the problematic situation of having to appoint overseas candidates higher up the salary range when our general policy is that new appointments should start at the beginning of the salary range available.*

*This would have several consequences, including inflation of salary levels throughout all the academic career structure in order to keep levels of differentiation, an increase in the expense to the University of attracting and retaining individuals at an already financially challenging time, and a huge inequity in "native" salaries compared to Tier 2 migrant appointments.*



**Q7 - As an employer, what would be the impact of increasing the Tier 2 minimum thresholds on: a) hiring migrant workers from outside the EU; b) hiring migrants workers from within the EU; c) hiring natives.**

4.39 This section draws entirely on responses received from UCEA's members over a five day period. A separate representation was also received from the Russell Group of universities. A number of these institutions have also provided responses directly to the MAC to express their concern about the proposed changes to the current salary thresholds.

Hiring migrant workers from outside the EU

4.40 It is imperative that the sector appoints world class researchers and academics and this sometimes means recruiting outside of the settled workforce to find these individuals as it enhances the quality of research and the students' experience, in addition to the overall reputation the sector's institutions and their ability to attract research funding.

4.41 An increase above the 25<sup>th</sup> percentile would result in non EEA appointments being appointed at a higher level to both EU and native staff. Paying a foreign migrant more to do the same work as a UK national is as wrong as undercutting the UK workforce by paying lower wages to foreign nationals, it also cuts across the "equal pay for work of equal value" principle underpinning the HE sector grading and salary arrangements.

4.42 Enforcing the 50th or 75th percentile for new or "experienced" foreign nationals could result in some HEIs paying foreign migrants at a higher starting salary than EEA or UK workers; the net result being a "wage-drift" away from the lower to the higher end of the nationally agreed scales. From an employment perspective it makes sense wherever possible to ensure that nationally agreed pay scales are applied equally to all employees regardless of national origin. Furthermore an increase to the 75th percentile would prevent non EEA workers from being employed through Tier 2 at all but Professors, Readers and the most senior non-academic staff levels.

4.43 It would be increasingly difficult to hire migrant workers from outside of the EU for those areas where there is a skills deficit within the UK, but which do not fall within the Shortage Occupation list.

4.44 The UK market for the posts to which we recruit is highly competitive; an increase in the minimum thresholds would have a negative impact upon our ability to recruit from the wider international pool.

Hiring migrants from within the EU and the UK

4.45 There is no guarantee that the threshold increase would result in an increase in the number of EU and UK workers employed. HEIs need to be able to attract the brightest and the best candidates from around the world. The UK's ability to bid for EU and international funding would be hampered as talent could move to countries with lower barriers to entry. This would thus lower the amount of research income available to institutions and therefore its ability to retain the current research workforce levels. The sector focus is on recruiting candidates who have the qualifications, experience and

expertise to fill the skills gaps.

- 4.46 It would be increasingly difficult to hire migrant workers from within the EU for those areas where there is a skills deficit within the UK, but which do not fall within the Shortage Occupation list.
- 4.47 Other impacts on the resident population, including a two-tier salary arrangement have been emphasised in other parts of this submission.

**Q8. Are the additional national pay scales or sources of salary data that should be used to set thresholds?**

4.48 We propose that appropriate levels of pay for all academics, including early career positions, be linked to the negotiated pay spine for the reasons set out in our response to question 3. This approach will allow recruitment of low experience academics and progression through the pay spine. The current pay spine points 22 and 30 remain appropriate for the sector. The following section provides evidence as to why these points remain appropriate.

Typical entry pay levels for research and academic (teaching and research) staff

- 4.49 The typical starting pay for an early career entrant is in the region of £24,775 (Point 22 on the national pay spine)<sup>3</sup>. However, early career academics in post-doctoral positions can also be appointed on salaries as low as £16,577 (Point 8 – UCEA, 2010). In many instances salaries of early career positions may be determined by the conditions of external funding bodies.
- 4.50 Research conducted by UCEA with the 5 HE trade unions in 2010 found that the median entry level point for research staff is 24 but 48 HEIs out of the 101 HEIs that supplied information use points below 24. Three-quarters of HEIs use point 22 or higher for their entry point for research staff. After three years a researcher on point 22 will have ordinarily moved to point 25.
- 4.51 According to the survey, the median point used for lecturing staff is 31 but 25 out of the responding HEIs used point 30 and a further 16 used points below that. The typical grade will feature 6 to 7 pay progression points which are achieved annually subject to satisfactory performance.

**Table 6: Entry level point for research and lecturing staff**

<b>Statistic</b>	<b>Research staff</b>	<b>Lecturing staff</b>
Lower quartile	22	30
Mean	24	32
Median	24	31
Mode	24	30
Lowest	12	21

Source: UCEA, 2010.

<sup>3</sup> This excludes some larger research intensive institutions and some London higher education institutions

**Table 7: Spine point values from 1 August 2014**

<b>Spine point</b>	<b>Annual salary</b>
22	£24,775
23	£25,513
24	£26,274
25	£27,057
26	£27,864
27	£28,695
28	£29,552
29	£30,434
30	£31,342
31	£32,277
32	£33,242
33	£34,233
34	£35,256

The full pay spine is provided in the appendix.

**Q9 - What other appropriate measures would you like to see for determining the minimum salary thresholds?**

4.52 We have set out in Q8 the approach that would maintain the sector's ability to attract and retain mobile academic talent from around the world. For simplicity we believe that the current approach for Tier 2 migrants in SOC 2311 should be retained without recourse to other measures. For researchers (211x and 2426) we would recommend that the evidence from RCUK and other relevant stakeholders is considered alongside the evidence provided in this paper. As indicated in responses to previous questions, our members feel strongly that any significant increase to the researcher thresholds will significantly affect the UK's ability to attract talented early career researchers from outside the EEA.

**Q10 - Should the minimum salary threshold take account of variations in regional pay? If so, how?**

4.53 Not for 2311, 211x and 2426 as academics and researchers are in a national labour market and grading structures reflect this. HEIs in London do apply London allowances, or have consolidated these into their grading structures, but we would not support an increased threshold in London as allowances vary significantly (UCEA, 2015).

## Contributors

UCEA would like to thank the following members that contributed towards this response:

- Anglia Ruskin University
- Aston University
- Bangor University
- Canterbury Christ Church University
- Cardiff University
- Heriot-Watt University
- Imperial College London
- Leeds Beckett University
- Liverpool John Moores University
- Nottingham Trent University
- Oxford Brookes University
- Pharmacy Schools Council
- Queen Mary University of London
- School of Pharmacy,
- The University Of Nottingham
- University of Brighton
- University of Cambridge
- University of East Anglia
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## 5 References

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## 6 Appendix

### Pay spine

Spine point	Salary from 1 August 2014
1	13953
2	14257
3	14631
4	14959
5	15356
6	15765
7	16131
8	16577
9	17039
10	17528
11	18031
12	18549
13	19083
14	19632
15	20198
16	20781
17	21391
18	22029
19	22685
20	23386
21	24057
22	24775
23	25513
24	26274
25	27057
26	27864

Spine point	Salary from 1 August 2014
27	28695
28	29552
29	30434
30	31342
31	32277
32	33242
33	34233
34	35256
35	36309
36	37394
37	38511
38	39685
39	40847
40	42067
41	43325
42	44620
43	45954
44	47328
45	48743
46	50200
47	51702
48	53248
49	54841
50	56482
51	58172

NB: There is no settlement for salaries from 1 August 2015. The employers' final offer in 2015-16 pay negotiations was for a 1% uplift on all points with bottom weighting on the first 8 points.

Example grading structure (pre-92)

Grades and salaries with spine points				
Grade 9	10	54	63,552	
	9	53	61,706	
	8	52	59,913	
	7	51	58,172	
	6	50	56,482	
	5	49	54,841	
	4	48	53,248	
	3	47	51,702	11
	2	46	50,200	10
	1	45	48,743	9
		44	47,328	8
		43	45,954	7
		42	44,620	6
		41	43,325	5
Grade 7		40	42,067	4
	12	39	40,847	3
	11	38	39,685	2
	10	37	38,511	1
	9	36	37,394	
	8	35	36,309	
	7	34	35,256	
	6	33	34,233	
	5	32	33,242	
	4	31	32,277	
	3	30	31,342	9
	2	29	30,434	8
	1	28	29,552	7
		27	28,695	6
		26	27,864	5
Grade 5		25	27,057	4
	9	24	26,274	3
	8	23	25,513	2
	7	22	24,775	1
	6	21	24,057	
	5	20	23,386	
	4	19	22,685	
	3	18	22,029	8
	2	17	21,391	7
	1	16	20,781	6
		15	20,198	5
		14	19,632	4
		13	19,083	3
Grade 3	7	12	18,549	2
	6	11	18,031	1
	5	10	17,528	
	4	9	17,039	
	3	8	16,577	
	2	7	16,131	
	1	6	15,765	4
		5	15,356	3
		4	14,959	2
Grade 1	3	3	14,631	1
	2	2	14,257	
	1	1	13,953	

Points	Description
	Normal range
	Exceptional range

All staff on the University of Sheffield Grading Scheme have an incremental date of 1 January.

In the normal range, the expectation is that staff progress through the increments on an annual basis.

In the exceptional range, staff progression is on the basis of sustained exceptional contribution through the use of Exceptional Contribution Awards.

New appointments starting between 1 January and 30 June inclusive are paid their first increment on the following 1 January.

New appointments starting between 1 July and 31 December inclusive are paid their first increment on the next but one 1 January.

### Example grading structure (post-92)

Spine point	Grades		Salary as at 1 August 2014
52		Grade 12 Contribution	£59,914
51			£58,172
50			£56,482
49		Grade 12 normal increments	£54,841
48			£53,248
47	Grade 11 Contribution		£51,702
46			£50,200
45			£48,743
44			£47,328
43	Grade 11 normal increments	Grade 10 Contribution	£45,954
42			£44,620
41			£43,325
40		Grade 10 normal increments	£42,067
39			£40,847
38	Grade 9 Contribution		£39,685
37			£38,511
36		£37,394	
35	Grade 9 (Lecturer) normal increments		£36,309
34		Grade 8 Contribution	£35,256
33			£34,233
32			£33,242
31		£32,277	
30		Grade 8 (Associate lecturer / Research fellow) normal increments	£31,342
29	Grade 7 Contribution		£30,434
28			£29,552
27		£28,695	
26	Grade 7 (Postdoctoral research assistant) normal increments		£27,864
25		Grade 6 Contribution	£27,057
24			£26,274
23			£25,513
22		Grade 6 (Postgraduate research assistant) normal increments	£24,775
21			£24,057
20	Grade 5 Contribution		£23,386
19			£22,685

Excludes grades 1 to 5 which are not used for academic staff.

[https://www.brookes.ac.uk/services/hr/reward/salary\\_scale.html](https://www.brookes.ac.uk/services/hr/reward/salary_scale.html)