

House of Lords Economic Affairs Select Committee Inquiry into Brexit and the Labour Market

February 2017

Evidence from the Universities and Colleges Employers Association (UCEA)

Introduction:

- This is the response from the Universities and Colleges Employers Association (UCEA) to the House of Lords Economic Affairs Select Committee Inquiry into Brexit and the Labour Market.
- UCEA's response focuses on labour market issues for higher education institutions (HEIs).

About UCEA and its members:

- UCEA is a membership body funded by subscriptions from 163 HEIs in the UK (in addition to 9 sector associate members). Our purpose is to support our member organisations in delivering excellent and world-leading higher education (HE) and research by representing their interests as employers and facilitating their work in delivering effective employment and workforce strategies.
- HEIs employ over 410,000 staff and have a high proportion of international workers. Almost a third (29%, 58,265 staff) of academic staff are not from the UK.¹ 17% (33,735 staff) are from other EU countries and 12% (24,530) are from outside the EU. For professional services staff, 9% (20,350 staff) are not from the UK, of which 12,490 are from other EU countries. These staff bring valuable specialist skills, knowledge which are essential to the success of UK HEIs.

Summary of key points and recommendations

- International collaboration is a fundamental feature of UK HE, which we would wish to see protected and supported by the immigration system. Brexit may put this at risk and have wider labour market impacts within HE if not considered carefully.
- In order to ensure the continued success of the UK's HE sector, we need any future immigration system to support the retention, access and movement of academics, researchers, technicians and other specialist professional services staff, including those from the EU.
- The ability for these staff to bring their dependants with them if they plan on living and working in the UK on a long-term basis is important in order to maintain the attractiveness of the UK as a destination for academic research.
- We would wish to see any new immigration system bringing significantly lower costs and administrative burdens for HE than the current points-based system.

¹ HESA, *Staff by region of nationality, 2015/16*, <https://www.hesa.ac.uk/data-and-analysis/staff>

Responses to the questions raised by the inquiry

1. What level of net migration is necessary for the UK labour market to function effectively?

- 1.1. Net migration is by definition affected equally by emigration as well as immigration. The impact of net migration on the labour market should therefore be considered in the context of the UK remaining an attractive place to live and work both for its own citizens and for skilled migrants.
- 1.2. This is especially important for the HE sector. By its nature the sector relies on a significant degree of international collaboration and free movement. HEIs need to be able to attract the 'best and brightest' staff from around the world and to retain their best staff, whether UK citizens or otherwise. This is particularly challenging as HE staff are highly mobile. Academic staff in particular are in global demand and there will often be competition between HEIs around the world to engage a particular academic.
- 1.3. This globalised workforce is vital to UK HE's international academic standing and global competitiveness. It allows HEIs to deliver world-class teaching and research, which attracts research funding and students, in turn supporting the wider economic impact of the sector.
- 1.4. Staff, including UK citizens, may seek work outside of the UK if their career opportunities are perceived to be curtailed by remaining within the UK. This could happen if, as a result of a stricter immigration system, the UK is regarded as a less open or less attractive destination for international research. If existing academic staff (including the most senior academic staff who attract high levels of funding or carry the greatest prestige) are more likely to be attracted to leave their current posts to work outside the UK, then this would have a detrimental effect on the HE sector and the economy as a whole.
- 1.5. A net migration target is therefore positively unhelpful in relation to the specific needs of the HE sector, which in turn has impact on the UK's economic competitiveness and success. Instead a more nuanced response to skills shortages and the individual requirements of particular sectors will allow a functioning labour market.
- 1.6. In addition, foreign students should not be counted as part of the net migration target. Foreign students are in the UK on a temporary basis and bring major economic and other benefits to the UK. Opinion polls have repeatedly shown that the public supports international students, with 59% opposing a reduction in international student numbers². A survey in February 2017 found that only 19% agreed that foreign students should be included in future limits on immigration.³

a) (i) How reliant is the UK labour market on high, medium or low skilled migrant labour?

- 1.7. A globalised workforce is an essential feature of UK HE and ensures that HEIs are internationally competitive. Having an international staff and student body is seen as a marker of world-leading institutions in various different world ranking systems. It is a mark of their success that HEIs have a high proportion of international workers and this does to an extent mark HE out from some other sectors.

² International students and the UK immigration debate, Universities UK, August 2014

³ Opinium survey, 10-14 February 2017 (<http://bit.ly/2IT85qt>)

- 1.8. **Highly skilled staff:** Almost a third (29%, 58,265 staff) of academic staff are not from the UK.⁴ 17% (33,735 staff) are from other EU countries and 12% (24,530) are from outside the EU. This compares to an average of 7.4% EU staff in the wider economy⁵.
- 1.9. **Medium skilled staff:** 9% (20,350 staff) of professional services staff are not from the UK, of which 12,490 are from other EU countries. These staff bring valuable specialist skills and knowledge which are essential to the success of UK HEIs. Technicians for example play a vital specialised role within HE. Most are PhD educated⁶ yet the roles they fulfil are not always considered to be highly skilled in the immigration system. For example, technicians are not currently eligible to enter the UK under the Tier 1 (Exceptional Talent/Promise) system.
- 1.10. HEIs will always be reliant on foreign labour as they recruit roles which require a high degree of specialisation. This means that although for example, researchers will possess a number of transferable skills their selection is primarily dependent on the relevance of their specialist knowledge in highly specific areas. In some cases there may be very few people globally who possess the required level of knowledge and their work cannot be substituted by another academic outside the same area of specialism.

a) (ii) What would be the impact of a reduced ability to source foreign workers on British businesses?

- 1.11. The competitiveness of the HE sector as a whole would be hindered by a reduced ability to source foreign workers. The globally competitive nature of HE and its increasingly transnational delivery means that HEIs must take an international outlook, and their staffing needs reflect this.
- 1.12. Economically, international academic mobility creates a more attractive environment for foreign students, themselves generating a highly valued diversity in the student population and an important source of income for UK HEIs worth an estimated £10.7bn to the wider UK economy⁷.
- 1.13. Leading researchers and academics attract international research funding, which in turn brings investment to local regions. Such staff also require a local research and support team, creating employment opportunities in the UK. This would be put at significant risk if the ability of HE employers to source foreign workers was limited.
- 1.14. The delivery of transnational education (TNE) is a significant and positive UK export which needs the support of an immigration policy which facilitates the movement of both academic and professional services staff. It delivers £496bn of revenue to UK HEIs⁸, brings international prestige for UK HE, and acts as a positive cultural and educational exchange mechanism. This may be lost if UK-based HE staff lose any of the current mobility that underpins the delivery of TNE.

⁴ HESA, *Staff by region of nationality, 2015/16*, <https://www.hesa.ac.uk/data-and-analysis/staff>

⁵ ONS, July-Sept 2016

⁶ Lewis P.A., Gospell, H. (2011), *Technicians under the microscope A study of the skills and training of university laboratory and engineering workshop technicians*, King's College London

⁷ Universities UK, 2016, Parliamentary Briefing, *The effect of exiting the EU on Higher Education*

⁸ BIS, 2014- [The value of transnational education to the UK](#)

b) Which particular sectors or sub-sectors would be affected by controls on EU migration and further controls on non-EU migration?

- 1.15. Some of the major effects of any further restrictions on migration have already been outlined above, including the significant benefit foreign students provide to the UK economy.
- 1.16. Focussing on employment issues, within the HE sector international working is the norm, and there is an expectation for many academics that high quality academic work will involve spending time overseas. This can range from a short, one or two day visit for a conference, a lecture or external examining, to several weeks to support the delivery of a particular programme, to a permanent or long-term stay to fulfil a particular post.
- 1.17. This circulation of talent is an essential feature of the HE landscape that provides a benefit to the UK in its prestige and influence.
- 1.18. For example, researchers may need to collaborate urgently in the short term in response to a disease outbreak, sharing knowledge and expertise on epidemiology, public health and international clinical trials. Longer-term projects, such as the JET (Joint European Torus) project based in the UK will also require frequent international exchange of academic staff. The JET project is an internationally significant research project on the future of nuclear fusion energy, and the project attracts researchers from around the world⁹.
- 1.19. The economic risks of this have been outlined elsewhere in this document.
- 1.20. It is particularly important that the dependents of international staff engaged by HEIs continue to be allowed into the UK. This ensures the UK remains an attractive destination for the brightest and best talent. Restrictions on the rights of dependents to work in the UK would deter international academics from making the UK their location of choice for research. In a survey carried out by the Permits Foundation in 2015, over 80% of Tier 2 HE staff polled said they would probably (40%) or definitely (41%) not have accepted their current assignment if their spouse or partner did not have the right to work in the UK.¹⁰
- 1.21. One HEI summarised their concerns as follows

“A restriction in UK universities being able to recruit world-class talent will directly affect their ability to contribute back to the UK economy and will result in the UK economy falling behind by reducing its ability to:

 - *Educate a world-class workforce to meet the UK’s future needs.*
 - *Conduct leading research to keep the UK at the forefront of innovation.*
 - *Transfer knowledge to business to give them competitive advantage against competitors across the world.”¹¹*

⁹ Culham Centre for Fusion Energy, *Research Collaborations- About*
<http://www.ccfef.ac.uk/Collaborations.aspx>

¹⁰ Extract from survey by the Permits Foundation, 2015, on *the mobility and social impacts of restricting the rights of dependants of Tier 2 visa holders to work in the UK.*

¹¹ Comment from a HEI in UCEA’s response to the 2016 Education Select Committee inquiry into the impact of exiting the European Union.

2. What would be the impact on wages, in different sectors, of controls on EU migration and further controls on non-EU migration? What evidence is there of the impact on wages of the level of immigration (from EU and non-EU countries) to date?

- 2.1. UCEA does not expect any significant impact on wages as a result of controls on EU migration or further controls on non-EU migration, except perhaps to drive some HEIs to offer more generous packages to retain or attract staff that would not otherwise wish to work in the UK as a result of Brexit or a restrictive immigration regime.
- 2.2. The National Framework Agreement (NFA) for HE staff placed a condition on employers that 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.
- 2.3. The common practice within the HE sector is to appoint any individual, UK, EEA or otherwise, into a post at a salary that is pitched to the grade for the job. It would be a fundamental breach of the sector's agreed approach to grading and salary structures, and of equal pay principles to do otherwise.
- 2.4. The grading structure within each institution is modelled through a system of job evaluation. In rare circumstances a market supplement (subject to regular review) may be objectively justified and added to the basic rate of pay.
- 2.5. Rather than limiting undercutting, which would be almost impossible given grading structures linked to job evaluation, recent increases to the threshold to the 50th or 75th percentile are more likely to result in artificially inflated salaries for non-EU migrants working in UK HEIs as they will need to be placed further up the grade than would be required for residents with equivalent skills and experience or, in some cases, above the grade maximum. This kind of salary augmentation carries risks of equal pay challenges and causes pay bill inflation in the face of a challenging financial environment. It also creates a two-tier pay system which is inherently unfair to the resident population. Further changes to the system in this direction may exacerbate these issues further.

- 3. Does the Government have adequate data on the number and characteristics of immigrant workers on which future assumptions and policy can be based?**
- a) If there are deficiencies in the data what changes are required to improve it?**
- b) How should the labour market impact of particular restrictions on migration be measured?**
- 3.1. To ensure public and employer confidence in the system, there should be much more reliable and transparent reporting of migrant numbers and characteristics.
- 3.2. Evidence shows the public are supportive of skilled migration, with 88% expressing support in a recent survey for the same or greater levels of highly skilled migration¹². By allowing the public to see that migration is controlled and only skilled migration is taking place, public support in the system can be encouraged.
- 3.3. Better sources of migrant numbers are needed to increase public trust. The current International Passenger Survey has a number of limitations and fails to accurately capture length of stay¹³. Better data will also facilitate evidence-based decisions on immigration policy and allow it to be more responsive and more nuanced in the future.

¹² Katwala, S., Rutter J. and Ballinger S. (2016), *What next after Brexit: Immigration and integration in a post referendum Britain*, British Future

¹³ The Migration Observatory, Oxford University, *Data Sources and Limitations: The International Passenger Survey*, <http://www.migrationobservatory.ox.ac.uk/about/data-sources-limitations/international-passenger-survey/>

4. Is there a case for regional variation in immigration policy?

- 4.1. Regional variation in immigration policy would not be supported by UCEA. It would be impractical to implement and would offer no advantages over the current system for HE employers.
- 4.2. HEIs compete for staff in an international labour market and if regional variations such as regional salary thresholds were introduced it would be difficult to attract staff to some institutions. It is not clear how a “regional visa” would work in practice and whether it would place restrictions on movement or place of work, both of which would limit the ability for HE staff to work effectively.

5. How successful have policies to control the level of migration from non-EU countries been? Are any changes required if these controls are extended to migrants from EU countries?

- 5.1. Tier 2 of the current points-based system is seen by many HEIs as administratively burdensome, adding unnecessary time and cost to the recruitment process. For example, the need to advertise certain roles for a specified period is unnecessary in cases where the individual being recruited is a known world-leading specialist. Passports may also be retained for extended periods of time by UK visas and immigration preventing academic travel.
- 5.2. Although some academics are eligible for Tier 1 visas, (the RLMT does not apply to Tier 1), the Tier 1 application process is led by the individual applicant and not the employer which discourages its use. Applicants typically prefer prospective employers to deal with the visa application process, often seeing it as the administrative responsibility of the HR team within an HEI. Eligibility criteria are also unclear for some individuals under Tier 1. A limited range of fellowships are generally eligible for these visas, but these are not widely known and are concentrated in the life and physical sciences. This means Tier 1 visas are comparatively underused.
- 5.3. It would not be possible to simply expand the Tier 2 system to EU staff without creating significant difficulties to HE employers. Existing projects, standards and funding arrangements would be jeopardised and the level of administrative burden required would be expensive for UK HEIs to deal with.
- 5.4. The Tier 2 visa costs and associated charges are also a great expense for many universities. Applying the same fee structure to EU migrants would significantly increase costs for HEIs.

6. What lessons can the UK draw from the experience of other countries?

- 6.1. As a result of a stricter immigration system operating in the UK and concerns that it may tighten further, we are already seeing HEIs in other countries positioning to compete with the UK for talented staff and for international students.
- 6.2. We risk a drain of talent to HE systems, particularly to countries such as Australia and Canada which are actively seeking to compete more effectively with UK HEIs.
- 6.3. Other countries clearly see the advantage to their HE systems of maximising the flows of talent, both for staff and students, and the lesson to be drawn would be that the UK HE system could find itself significantly disadvantaged and weakened in its global position if such flows are limited.

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