

**Commentary on the Migration Advisory Committee (MAC)
recommendation for non EEA migrant IT workers
October 2012**

The migration advisory committee (MAC) produced a report on the 17th October 2012 setting out the threshold salaries that must be paid to non EEA migrant workers. The UK Border Agency (UKBA) current codes of practice are being changed to reflect the recommendations.

In the view of Salary Services Ltd/jobadswatch the changes being implemented do not reflect the structure and salary levels of personnel working in IT and effectively mean the criteria being applied to grant visas to non EEA IT workers is flawed.

The main changes involve reducing the number of job titles currently listed and grouping together a wide range of job functions into newly defined job groups. A salary level at the 25th quartile level is then being applied across the whole group. An entrant grade at the 10th salary quartile has also been introduced. In the view of the author these changes will result in a meaningless set of salary figures being applied by UKBA.

The committee has made no allowance for differences in job function, region, business sector or skill sets. To state that a programmer on a current pay threshold of £26,000 equates to a senior developer on a threshold of £37,400 seems odd. If they had broadly similar responsibilities why such a large difference in pay. It is noticeable that the MAC report table 6.2 (see table below) code 2136 does not include the job function of either developer or senior developer in their example. Had this been the case then the salary range shown would have been more pronounced. The job function of developer is the most sought after in IT. Over 36% of all IT jobs being advertised are for developers. Within SOC (Standard Occupation Classification) code 2136 developers account for almost 90% of the jobs advertised. Not to show this job function in table 6.2 is somewhat strange. The examples seem to be highly selective.

MAC states that some partners involved in the survey had stated that the job functions of programmer, analyst programmer, software engineer and developer encompassed similar roles. In that case why do employers advertise all these roles under the different job titles? The answer is that the job functions are not the same. The software skills required for a software engineer are totally different to those required for a developer.

The MAC also further confuses the developer role by separating web developers into another group of jobs, SOC 2137. The only difference is the software skill set required.

Elsewhere the report looks at salaries for IT and technology managers. Section 6.8 of the report states that section J of SOC 1136 as shown in the current codes of practice has twenty-two different job titles. It doesn't it has only six. It is not known how many more incorrect assumptions have been made.

The final table shown at the end of this summary shows an entry level IT Director with a threshold salary of £25,300. ?? What on earth does that mean. Does the MAC really believe there are IT directors at any level earning just £25,300?

It is difficult to understand from the MAC report how they reached the conclusion to apply a pay threshold at the 25th percentile of average pay. Whilst this may be applicable to other sectors it does not stack up against the new IT job groupings. The Sector Skills Council for Business and Information Technology, e-skills UK, stated in section 6.11 of the report that employers seeking to recruit non EEA migrants should be expected to offer remuneration at a level equal to or above the UK median rate of pay for the occupation. A lower rate would permit employers to advertise at below the market rate, increasing the probability that UK resident workers would not apply for the job in question. This would then strengthen the case for bringing in labour from outside the EEA.

An alternative response was submitted by Tata Consultancy Services who agreed with the proposal to set the threshold at the 25th percentile level. Tata are one of the largest employers of non EEA IT migrant IT workers. Accenture, another large employer of migrant workers agreed with Tata, but subject to their further consideration of the job function breakdown.

Advertising for IT jobs is 68.9% down on pre 2008 levels. Despite this there is no evidence that the number of non EEA migrant workers has declined. The rush for companies to outsource IT operations and development over the past ten years has had a major impact on opportunities for IT workers in the UK. The fallout from the financial crisis seen during 2008 should mean there is a pool of experienced IT personnel available. According to the Higher Education Statistics Agency newly qualified computer science graduates are finding it increasingly difficult to find employment and currently head up the table of undergraduates out of work. These factors should mean that non EEA recruitment should be kept at a minimum. In particular visas for non experienced personnel (new entrants) at the 10th percentile level should not be implemented. The overall impact of the MAC changes will certainly do no favours for home grown IT professionals, whether experienced or newly qualified.

Over the past twenty-five years Salary Services Ltd/jobadswatch, together with its predecessor Salary Survey Publications has produced quarterly reports covering IT recruitment trends and salaries. During that period we have constantly highlighted the dangers of outsourcing to foreign companies and the likely impact on UK based IT employment. What started as a trickle of outsourcing computer operations rapidly expanded to incorporate development. Since year 2000 the UK has become more and more reliant on foreign based companies, all requiring their own imported staff to be based in the UK to support their operations. The time has come to start and curtail this.

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The MAC report

The full MAC report can be obtained by going to

<http://www.ukba.homeoffice.gov.uk/sitecontent/documents/aboutus/workingwithus/mac/Tier2-codesofpractise.pdf>

Box 1.1: Technical terms and definitions used in this report

Annual Survey of Hours and Earnings (ASHE) - This survey is produced by the Office of National Statistics (ONS) and provides information about the levels, distribution and composition of earnings and hours worked for employees in all industries and occupations. ASHE is based on a one per cent sample of employee jobs taken from HM Revenue & Customs PAYE records. ASHE is a key data source for the analysis presented in this report.

National Qualifications Framework (NQF) - This is a credit transfer system developed for qualifications in England, Wales and Northern Ireland. The framework has nine levels covering all levels of learning in secondary education, further education, vocational and higher education. The current skill level required for migrants coming to the UK under Tier 2 is NQF6 or above. This broadly corresponds to bachelor's degree level.

Standard Occupational Classification (SOC) - This is a classification system of occupational information for the UK produced by the ONS. Jobs are classified in terms of their skill level and grouped by occupation. The latest version is SOC 2010 and classifies 27,966 job titles into 369 occupations.

Standard Industrial Classification (SIC) - This is a classification system for use in organising business establishments and other statistical units by the type of economic activity in which they are engaged. It is produced by the ONS and the latest version was produced in 2007. The UK Border Agency's codes of practice under Tier 2 are organised by reference to the SIC system.

Table 6.2: Salary thresholds in the current UK Border Agency codes of practice and 25th percentiles from ASHE

SOC 2010 occupation	ASHE 25 th percentile (£)	Examples of job titles in the current codes of practice	Current pay threshold (£)
1136 Information technology and telecommunications director	42,100	IT director or IS director	83,200
2133 IT specialist manager	33,400	MIS manager or IT manager Systems development manager Computer services manager Software manager or programming manager Office system manager or helpdesk manager	44,700 41,600 43,600 40,500 34,100
2134 IT project and programme manager	35,000	Development team leader Project leader or senior systems analyst Projects manager	41,600 41,600 39,000
2135 IT business analyst, architect and systems designer	30,600	Systems analyst Business analyst Operations analyst	31,200 31,200 27,000
2136 Programmer and software development professional	29,800	Senior programmer Programmer Lead designer Senior games designer Games designer Software engineer	31,200 26,000 30,000 27,000 20,000 30,100
2137 Web design and development professional	25,200	Web designer Webmaster	26,000 28,000
2139 Information technology and telecommunications professional	28,400	Systems auditor Network communications analyst or engineer	34,600 29,100

Source: Migration Advisory Committee analysis, 2012]

In general the MAC has tried to utilise the ASHE salary levels. Where this has not been possible then salaries from Data Income Services has been used. This resulted in changes being made from the previous table to the following final table :

Analysis of the Points Based System: List of occupations skilled at NQF level 6 and above and review of the Tier 2 codes of practice

Table 8.1: Recommended pay thresholds for occupations skilled at NQF6+

SOC	Occupation	Job title or threshold type	Threshold	Source
1136	Information technology and telecommunications director	New entrant	£25,300	ASHE 10 th Percentile
		Experienced worker	£78,600*	Incomes Data Services
2133	IT specialist manager	New entrant	£25,500	ASHE 10 th Percentile
		Experienced worker	£40,000*	Incomes Data Services
2134	IT project and programme manager	New entrant	£26,700	ASHE 10 th Percentile
		Experienced worker	£36,400*	Incomes Data Services
2135	IT business analyst, architect and systems designer	New entrant	£24,900	ASHE 10 th Percentile
		Experienced worker	£30,600	ASHE 25 th Percentile
2136	Programmers and software development professionals	New entrant	£24,000	ASHE 10 th Percentile
		Experienced worker	£29,800	ASHE 25 th Percentile
2137	Web design and development professionals	New entrant	£20,000	ASHE 10 th Percentile
		Experienced worker	£25,200	ASHE 25 th Percentile
2139	Information technology and telecommunications professionals n.e.c.	New entrant	£19,700	ASHE 10 th Percentile
		Experienced worker	£28,400	ASHE 25 th Percentile

The whole range of IT job functions has been condensed into just seven groups.