

Research

**Ukie response to
the Migration
Advisory
Committee's
consultation on
salary thresholds
and a points-
based system
(PBS)**

ukie

About UK Interactive Entertainment (Ukie)

1. Ukie is the trade body for the UK's games and interactive entertainment industry. It represents over 400 games businesses of all sizes from small start-ups to large multinational developers, publishers and service companies, working across online, mobile apps, consoles, PC, esports, Virtual Reality and Augmented Reality.
2. We aim to support, grow and promote member businesses and the wider UK games and interactive entertainment industry by optimising the economic, cultural, political and social environment needed for UK businesses to thrive. Essentially, we want the UK to be the best place in the world to make and play video games.
3. **We welcome to opportunity to respond to the MAC's consultation into salary thresholds and a potential Australian-style PBS.**

Games industry overview

4. The games industry is a forward-facing sector built on innovation and is at the crossroads of art and technology, with highly technical and newly emerging skills in fierce demand. The UK games sector specifically is a world leader in interactive entertainment, attracting at least £1.75bn of inward investment between the period of 2015-2017 and has historically been the birthplace of globally successful games franchises that hold appeal to all types of people, all around the world¹.
5. Maintaining access to diverse talent is crucial both for fulfilling specialised job roles and for games to have global appeal. The UK immigration system, especially in the wake of Brexit, needs to reflect the reality of an ever-changing skills environment – not only for the benefit of the games industry, but for the UK overall as it seeks out new opportunities once it formally leaves the European Union.
6. Our recommendations and conclusions in this consultation response are drawn from our everyday engagement with our members in conjunction with both past and newly conducted research. We heard from 37 games businesses specifically for this consultation - from small independent developers to large multinationals.

Recruiting international talent

7. Recruiting people who can provide the level of expertise and technical talent required in the games industry can be difficult. In 2019 research conducted by the Open University found that 88% of UK organisations face digital skills shortage in their

¹ BFI, ['Screen Business'](#) (2018)

workforce². Indeed, with such skills shortages, it is often that games companies need to turn to the world stage to fill these gaps. Our research for the MAC's previous review into the Shortage Occupation List (SOL) highlighted that 87% of games businesses hired international talent due to UK candidates lacking the skills or experience required to fulfil certain roles³.

8. It is also worth highlighting that our 2017 State of Play report found that 57% of respondents employed EU workers and on average, EU employees made up 34% of these companies' headcount.
9. Whilst in the long-term, we continue to strongly believe in addressing the skills gap by improving the digital skills of the domestic workforce, this doesn't address the need to plug the skills gap in the short to medium term. Further, the cultural and creative impact of diverse international teams cannot be understated when creating interactive entertainment. Significant ground will be lost with the abolition of Freedom of Movement, and the introduction of visas and their associated costs, for EU hires - unless the future visa process and immigration system is robust, streamlined, affordable and fit for purpose.
10. Once the UK leaves the EU there is a real possibility that the talent pipeline into the UK games industry will be adversely affected which in turn will negatively impact the economic and cultural contribution the sector makes to the UK. It is therefore vital that a post-Brexit immigration system is flexible, intuitive and reflective of industry needs.

Skills and immigration charges

11. Skills and immigration charges are important to note contextually. The UK games industry is part of an extremely strong global sector and competition for talent is fierce. As stated in our response to the Tier 2 consultation in 2017⁴ the introduction of the Immigration Skills Charge to the non-EEA migration system fails to recognise the value – particularly in terms of this knowledge exchange - of international workforces to the games and wider creative and technology industries. Such skills and immigration charges put the cost of hiring in the UK for international focused businesses significantly higher than in other parts of Europe. This puts the UK at a competitive disadvantage compared to other nations. An immigration system fit for a truly “Global Britain” must acknowledge this value and be built to ensure that we

² Open University, '[Bridging the Digital Divide](#)' (2018)

³ Ukie, [Migration Advisory Committee – Shortage Occupation List consultation response](#) (2018)

⁴<https://ukie.org.uk/sites/default/files/cms/docs/Ukie%20response%20to%20the%20Migration%20Advisory%20Comm%20addresses%20the%20call%20for%20evidence.pdf>

remain a top global hub for diverse international talent.

12. One of our members reported to us that If EEA hires were included in Tier 2, *“our visa costs this year would have more than doubled”* and that the costs are *“disproportionate compared to the European countries with which the UK will be competing for talent”*. They went on to say that

“To bring non-European talent into Germany or Spain costs around £2,000. In Sweden the cost is just £1,000. It currently costs over £6,000 to bring talent into the UK, once the visa, Immigration Skills Charge and NHS surcharge are included. Nothing the government have indicated they are considering would reduce these costs.”

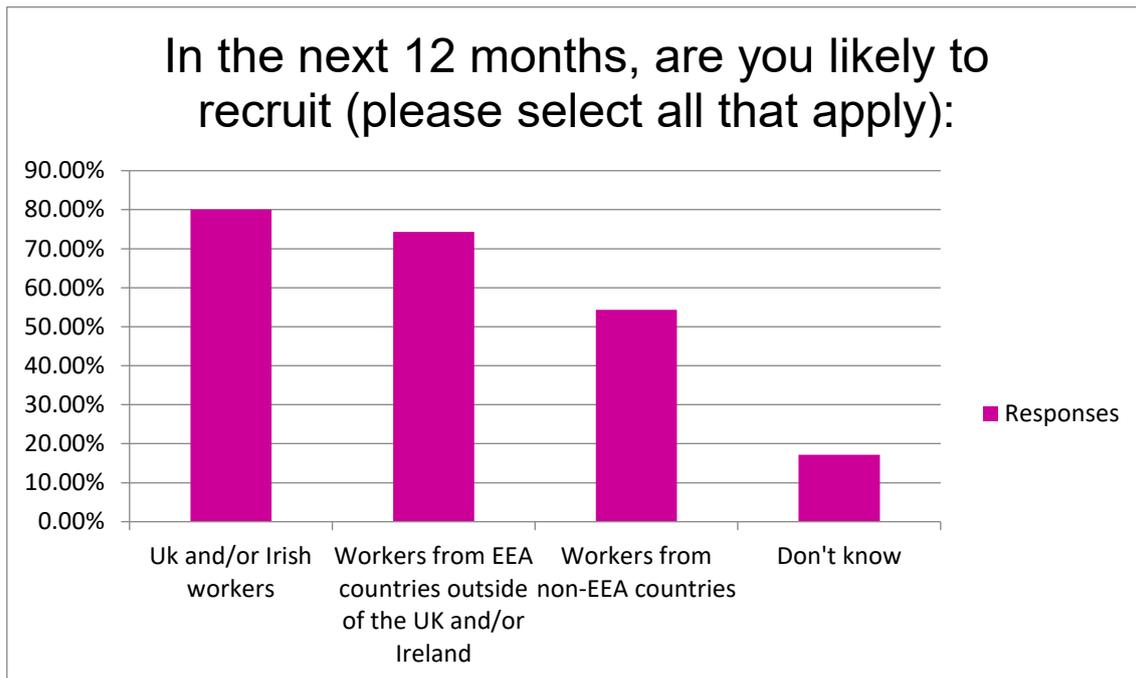
“Once European hires are included in this system, the UK will become a significantly less attractive place to build skilled teams than any other major centre in Europe. It will be three times more expensive to bring in new talent than its nearest competitors (and up to six times more expensive than some leading countries), with none of the free access to top European talent that other countries will enjoy. “

13. One games business stated that for 2018, collective visa, legal support and relocation support costs amounted to £215,852 for just 13 hires. This is unfeasible for small games companies, which make up the majority of the UK games industry.

SALARY THRESHOLDS

In the next 12 months are they likely to recruit UK and/or Irish workers / Workers from EEA countries / Workers from non-EEA countries / Don't know

14. We are aware from our ongoing engagement with our members, and due to the reasons outlined already, that games companies do thoroughly scan the UK labour market for talent, but still need to hire international talent to fulfil highly specialised vacancies. Further, as an interactive entertainment industry, the creative and cultural impact diverse international talent has on all aspects of the industry is crucial.
15. Respondents to our survey showed a strong probability of hiring both EEA and non-EEA nationals in the next 12 months.



16. Just under half of respondents (42%) had experience of recruiting under the Tier 2 (General) visa system.

Are the salaries required by the Tier 2 (General) immigration rules generally higher/about the same/lower than what they would normally pay?

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

17. The initial recommendation by the MAC to maintain the salary threshold for Tier 2 visas following our withdrawal from the EU could prove problematic for the games and interactive entertainment sector. Our past research has found that up to 64% of EU workers and up to 34% of rest of World workers could be sitting under the £30k threshold (all workers including part time).⁵ The potential concerns surrounding the minimum salary threshold will become more acute once EU/EEA citizens join non-EU/EEA in the visa process.

⁵ www.ukie.org.uk/brexit

Salary distribution for non-UK employees



18. Currently, for SMEs in the sector, hiring non-EEA talent to fulfil much needed roles is unaffordable and EEA talent has been able to plug that skills gap. Some respondents stated that the threshold would prevent them from hiring junior members of staff that had clear potential who required upskilling and experience to fully grow into their roles. With EEA nationals requiring visas and a minimum salary as well as non-EEA nationals post-Brexit, this may cause further damage to the talent pipeline into the industry and place even further pressure on companies recruiting for hard-to-fill roles, especially for growing UK games companies.

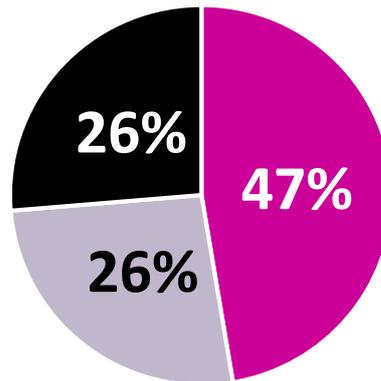
"...for more junior roles (i.e. where we want to convert an intern), it can be difficult to meet the minimum salary criteria...the lower salary thresholds should be kept at least for new entrants/graduates and should generally be set at a level that genuinely helps companies bring new young talent into the industry."

- Survey response.

19. Some larger companies found that they were recruiting non-EEA nationals for more senior job roles and as a result did not experience issues with the salary threshold as salaries naturally matched the seniority of the position. Our research indeed shows that EEA nationals tend to fulfil junior to mid-tier roles, with non-EEA nationals taking up higher paying roles. However, this means that companies who currently do not experience an issue with the minimum salary threshold are very likely to find it to be a different case once the UK leaves the EU. The associated costs of sponsoring a prospective migrant being applied to all international workers, including those

recruited for hard to fill junior to mid-tier roles, will have a negative impact on companies of all sizes.

If so, are the salaries required by the Tier 2 (General) immigration rules generally:



- Higher than what you would normally pay.
- About the same.
- Low than what you would normally pay.

"We have not had any issues with the minimum salary requirement for ILR. However, the system does pose the question of why the ILR threshold is slightly higher than the tier 2 one? If someone starts a job on a Tier 2 and salary of approximately £30k, they may not reach the minimum required for settlement in 5 years, which does not seem fair."

- Survey response

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

In general, was the settlement income threshold (currently £35,800) above their current salary, about the same as their current salary or below their current salary?

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

20. Regarding the settlement income threshold, 40% of responses stated that it was above the current salary given to relevant

international employees. There were concerns over the difference in minimum salary thresholds for the Tier 2 (General) visa and the Indefinite Leave to Remain, in that a migrant employee would have to increase their salary by nearly £6,000 in five years in order to remain – in other words, a 19.3% increase.

21. There then is the issue of recruiting international students who have the potential but not yet the experience. International graduates are indeed able to convert from a student visa to a Tier 2 working visa for a lower salary than a standard graduate - £20,800. However, for them then to qualify for settlement they need to be earning £35,800 within five years. To put this into perspective, that would be a 72.1% increase.

“It needs to be super simple to process otherwise for a small company it adds more admin than its worth.”

- Survey response

22. The issues of this gap for a company are clear to see. One respondee was concerned that there was a risk of investing both time and money training an international employee, only for them to leave if they did not qualify for settlement.

To what extent would the businesses/organisations you have engaged with agree or disagree with the following statements:

- ***There should not be a minimum salary threshold above the legal requirement (the national minimum wage)***
- ***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***
- ***If there are salary thresholds, there need to be a variety to reflect employer needs***

If there were tailored salary thresholds, to what extent would the businesses/organisations you have engaged with agree that they should be varied by sector/region/new entrants/occupation

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/the same/lower salary thresholds compared to those not in shortage?

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?

23. Universal, blunt salary thresholds across all sectors and regions of the UK simply fail to meet the needs of the UK games industry. Respondents mainly agreed that if there

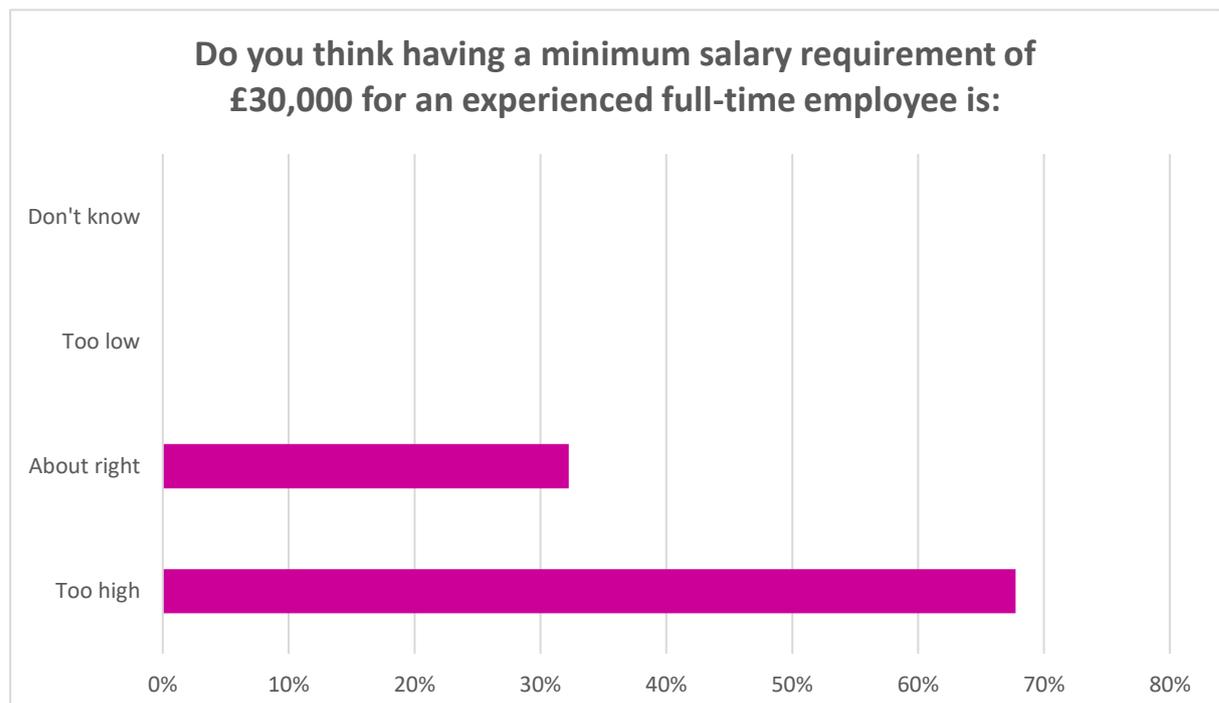
are to be salary thresholds, there must be a variety to reflect employer needs. It is vital that the future immigration system is developed in close collaboration with industry and employers to ensure that the games industry continues to access the best talent it requires.

24. Our survey respondents agreed that there should be some aspect of variance in salary thresholds. One respondent noted that the current Tier 2 salary requirement was simply “very high for the North East” and over half (56%) responded that they either agreed or strongly agreed that region should be taken into account when tailoring salary thresholds. The UK games industry is not concentrated in London, but spread all across the UK in clusters of creative hubs – from Newcastle to Belfast – with highly skilled talent in all four nations. One respondent commented that “if not based in London, games testing and some localisation/translating roles” would not meet the requirement. It is crucial, therefore, that there is at least appropriate regional variation to reflect the differences in salary levels and living costs across the UK.

“£30,000 might suit a role in London but be far too high for the same role in Newcastle for example. The same can be said for a small organisation where they pay lower salaries through the start-up phase.”

- Survey response.

25. 78% of respondents also strongly agreed or agreed that occupation should be taken into account regarding salary threshold variance. With the games industry recruiting for highly specialised occupations, even in traditionally low skilled areas, which tend to be in shortage in the UK, it is clear to see why so many were in agreement with this. The UK games industry exports its products all around the globe, potentially requiring



localisation experts and translators from the markets they wish to target.

26. Overall, over two-thirds of respondents said that the minimum salary requirement of £30,000 was too high. Reasonings ranged from regional location, to frustrations over needing to fill skills gaps but not being able to afford the salary requirement, to wanting to recruit and invest in junior employees but not being able to do so. The latter was a particular point of contention for scaling businesses, start ups and SMEs.

“The current company and annual quotas are a concern which we would want to see removed. The process should be kept as simple as possible reflective of different worker profiles e.g. graduates v senior management positions.”

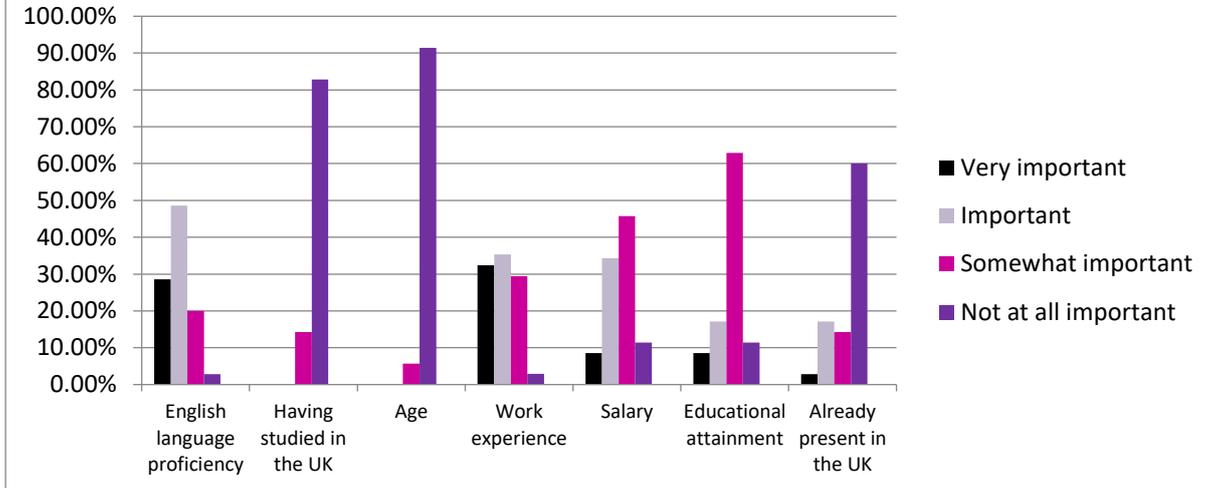
-Survey response.

‘AUSTRALIAN-STYLE’ POINTS BASED SYSTEM

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.

27. There needs to be greater clarity on what an ‘Australian-style’ Points Based System would look like in reality. The defining trait of Australia’s immigration system is that it provides migrants the option to move to Australia without requiring a job offer beforehand. However, it remains to be seen whether such a system will be reflected in the UK. The decision of what attributes and characteristics are deemed vital for prospective migrants must be developed in conjunction with industry and employers, rather than government alone.

In your opinion, please tell us the importance of these characteristics to your organisation:



28. Out of the members we surveyed, current presence in the UK, age, and having studied in the UK were the least important attributes for a prospective international employee, reflective of the rest of the creative industries.

29. The attributes listed the most as 'very important' were English language proficiency and work experience.

30. Regarding the former, however, proficiency in other languages as well as English is also essential for roles which require deep cultural understandings of different markets, or for occupations related to translating.

31. Educational attainment was most frequently named 'somewhat important' but was not listed as the most important factor overall. There is a risk that a future PBS which leans towards formal academic qualifications may backfire for an industry built on innovation and newly emerging job skills. The jobs of the future in the games industry may not exist today and may lack respective formal higher education courses. Even current positions in the games industry which are vital to some games companies do not have an equivalent qualification as of yet, such as community management.

32. Our response to the MAC consultation on the Tier 2 Visa system in 2017 highlighted how games companies were recruiting for positions which did not exist even just three years previously. We continue to recommend that any review into the UK immigration system, especially a PBS, be conducted with an open mind and a market awareness of how forward-facing the games and wider technology industry is and therefore the

desired attributes of prospective migrants evolves over time.

33. As a result, more importance may be placed on ability, potential, and experience, instead of formal education.

Selected additional comments from the Survey

Have you experienced any issues with Tier 2 salary requirements? If so, what were they?

- *We recently started the process to switch a Tier 5 Youth Mobility visa into a Tier 2 for a Junior Level Designer and the salary did not meet the requirements. Also, for more junior roles (i.e. where we want to convert an intern), it can be difficult to meet the minimum salary criteria). Hence, the lower salary thresholds should be kept at least for new entrants/graduates and should generally be set at a level that genuinely helps companies bring new young talent into the industry.*
- *Roles not paying enough to hit criteria*
- *Don't want to do this unless I absolutely have to because of the paper work*
- *The costs, length of time and complications of bringing people into the country, and keeping them in the country at renewal time.*
- *We can't compete for salaries with FinTech or VC backed companies, but we can attract high quality talent who love working on our products - we don't want to be forced to review our full company salary structure because of a few external hires*
- *Too high for the games industry and means we can't employ from overseas.*
- *No issues with salary requirements, all of our visa required roles carry much higher market rates than those required.*

Have you got any further thoughts or views on the Tier 2 (General) Visa settlement?

- *We have not had any issues with the minimum salary requirement for ILR. However, the system does pose the question of why the ILR threshold is slightly higher than the tier 2 one? If someone starts a job on a Tier 2 and salary of approximately £30k, they may not reach the minimum required for settlement in 5*

years, which does not seem fair

- *A lot more work needs to be done to understand the industries within which the SOC codes apply... there is very little understanding of what the roles are. It's very outdated. The system needs to be reviewed to bring it in line with the needs of businesses*
- *It needs to be super simple to process otherwise for a small company it adds more admin than its worth. In which case outsourced self-employment and giggers will just benefit*
- *I don't see why it is needed to be higher. One fear I have is that we bring people in and train them, they fit into org and do a great and important job - then they are compelled to leave and we start all over again. I'd rather develop individuals to give back to studio via training and mentorship over longer term. Settlement is one part of that.*
- *The current company and annual quotas are a concern which we would want to see removed. The process should be kept as simple as possible reflective of different worker profiles e.g. graduates v senior management positions.*
- *That it takes 5 years on continuous service to apply for ILR and that means a large spend on visa applications. It would be much more approachable for those who have done the minimum 3 years*