

How to Fix the UK's Broken Visa System

The problems besetting the
Skilled Worker visa route -
and the case for change

Fixing a system that pleases no-one

In 2015, David Cameron gave a speech to the European Council to inform them that a referendum would be held on Britain's membership in the EU. To justify creating such a dramatic critical juncture, the then-Prime Minister cited 'the issue of migration to Britain from the rest of the EU'.

A decade on, current levels of inward migration dwarf those that precipitated the referendum. In the year ending June 2024, net migration stood at 728,000, declining from the previous year's peak of 906,000. This contrasts with a figure of 336,000 in the year ending June 2015, the same month Mr Cameron travelled to Brussels to announce the referendum.

Brexit has not succeeded in reducing the number of people choosing the UK as their home. In fact, all evidence suggests that our separation from the EU has significantly accelerated inward migration. The Conservative government designed an uncapped, points-based system of sponsored visas that made no distinction between origin nations, and offered generous allowances for dependants.

In the process, they discovered that British businesses and universities have a much larger demand for overseas talent than anticipated.

The new Labour government has used the recent figures as a political weapon against its predecessors. Sir Keir Starmer has promised to substantially bring down net migration over this parliament. But an undifferentiated approach risks undermining the Government's overarching mission: to grow the British economy.

The heart of the matter is that the UK does not have a homegrown talent pool large enough to meet strategic sectors' demand for highly specialised roles. If organisations cannot look abroad for these skilled workers, our competitive edge in tech, our march to net zero, the status of our universities and even national defence will all be at risk.

We accept the Government's political imperative and mandate to reduce net migration from its current levels. But this can and must be executed without putting growth objectives in doubt.

To allow the Government to bring down overall immigration without harming key sectors, a major flaw in the present visa system must be resolved.

As it stands currently, the Skilled Worker visa route covers too broad a swathe of possible occupations to survive a reductionist policy agenda. Yet our extensive consultations with businesses and policy experts have arrived at a clear answer. The restrictions already placed on this visa route have harmed firms' ability to hire for particularly specialised roles. Domestic training initiatives are highly unlikely to fill this gap.

We propose the creation of a new specialist visa, limited to foreign nationals with the rarefied skillsets these industries need. We also propose a new interdepartmental Joint Unit be convened to ensure a more diverse set of inputs from across government can inform the design of immigration policy.

We hope you will accept the urgency of our diagnosis and read our recommendations with interest.



Zain Ali,
CEO and Co-Founder,
Centuro Global

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Understanding the Skilled Worker Visa Route

The Skilled Worker visa is the UK's most important work-related visa route

The visa was introduced on 1 December 2020, succeeding the Tier 2 (General) visa type as the new lynchpin of the UK's post-Brexit, points-based immigration system. It enables employers to sponsor and recruit international staff for roles on a wide swathe of eligible occupations.

Eligibility criteria

- Job offer from a UK-based employer, who must be a licensed visa sponsor.
- Role meets the required skill level (RQF Level 3 or above, equivalent to A-level).
- English language proficiency at CEFR Level B1 or higher.
- Minimum salary threshold of £38,700 or the going rate for that occupation - whichever is higher.

Rights and Restrictions



Holders of a Skilled Worker visa can:

- Work for their sponsoring employer in the specified role.
- Receive indefinite leave to remain (ILR) after five years.
- Take on additional work under certain conditions.
- Study as long as it does not interfere with their main job.
- Bring dependants (spouse/partner and children under 18).
- Travel abroad and return to the UK.



They cannot:

- Access public funds or benefits.
- Change jobs or employers without updating their visa.

The Skilled Worker visa can be used for applicants in a wide range of sectors across various industries. Eligible roles are determined by occupation codes and include positions in both general skilled work and shortage occupations.

The Health and Care Worker visa is a defined subcategory of this route specifically tailored for healthcare professionals working in eligible roles within the NHS or adult care sectors. It offers reduced fees and exemption from the Immigration Health Surcharge.

In the year ending June 2024, 88,653 work visas were issued to non-UK nationals.

This is over double the figure for 2021, but 3% down on the previous year's numbers. It should be noted that these figures exclude Health & Care visas, of which 89,095 were issued over the same period.

Recent Restrictions on the Skilled Worker Visa Route - and Their Impacts

In April 2024, the previous Conservative government imposed a set of restrictive conditions on employers' use of the Skilled Worker visa route.

Conservatives tighten Skilled Worker visa rules

Increased salary thresholds:

The minimum salary was raised by **48% from £26,200 to £38,700**, or the going rate for the relevant occupation (which itself was adjusted to reflect the median wage for that job, rather than the 25th percentile), whichever is higher.

Rehaul of the allowed occupation list:

The previous Shortage Occupation List was replaced with a more limited Immigration Salary List, removing salary discounts for shortage occupations.

Restrictions on dependants:

Health & Care subcategory visa holders were prohibited from bringing dependants.



The latest data for the year ending June 2024 suggests these measures have already begun to achieve their stated political goal of reducing net migration.

The number of Skilled Worker visas (excluding Health and Social Care) issued in **2024 Q3 was 32% down** on the previous year's figure. This decline came after a **20% annual drop in total net migration** numbers in the year ending June 2024.*

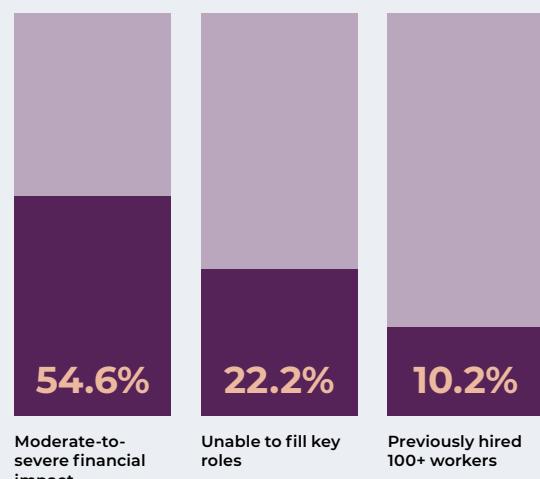
These numbers were released too late to turn around the fortunes of the now-ousted 2010-2024 Conservative government. But their real effects have certainly been felt by UK plc.

We consulted a panel of executives from large multinationals in key strategic sectors including engineering, telecommunications, construction and energy on the impacts they had experienced as a result of these changes.

54.6% estimated that these changes had caused them a moderate-to-severe financial impact.

22.2% testified that they would now be unable to fill key roles.

Of the **10.2%** of companies who had hired over 100 workers through this visa route before the changes came in, **none** expected to match these numbers in the 12 months after.



Employer impact of Skilled Worker visa changes 2024

*Home Office, Immigration System Statistics: Year Ending September 2024 (UK Government 2024)

Engineering, software development and lab technician roles were the most frequent vacancies these companies used the Skilled Worker visa to fill.

These executives' qualitative testimonies further demonstrate the difficulties this policy change has caused for high-value UK firms.

We publish some of these responses below.

"The implications for us, and the wider UK science base and STEM sectors, are profound. Overseas workers play a vital role in filling skill gaps and driving innovation. Restrictive immigration policies risk hampering recruitment efforts and slowing down advancements in these critical areas."

Founder,

Leading biotechnology company

"This makes it very difficult, in particular the graduate intake where we struggle in the UK to fill positions. The salary levels exceed the salaries paid for UK graduates."

Senior HR Manager,

Multinational science and engineering firm

"Variations on minimum salary create a two-tiered environment for the same roles."

Global Mobility Manager,

Iconic UK architectural studio

"The new salary threshold affects the hire of industrial trades where the SOC code salary is £32k, however we are mandated to pay £38,700. Collective union agreements in these areas means we are not able to offer the salary of £38,700 without increasing the salaries of the entire work force, which we can't do."

Head of Global Mobility,

UK-based aerospace engineering firm

"The UK is playing a fast and loose game with these changes, and taking a lot of goodwill for granted."

Global Mobility Manager,

Overseas social media giant



By listing these roles in this fashion, we intend neither to denigrate their value and importance, nor to deny that they might be in short supply. We wish only to press the point that candidates for these positions can prove their suitability with reference to transferable skills, A Level-equivalent qualifications and eclectic prior experience. This is not the case for a prospective chemical engineer, biotechnology researcher or chartered architect. In this sense, such roles may be more appropriately ringfenced for the domestic workforce without creating a permanent loss of industrial capacity.

The Government has a legitimate imperative to prioritise British nationals' access to well-paid jobs. But restrictions on the Skilled Worker visa, as it is currently constituted, are proving a blunt instrument. It may be possible to expedite training and apprenticeship programmes so that UK nationals can fill positions in retail management or estate agency in a manageable interval. It is not possible to create a fully-qualified aerospace engineer at the same speed.

It should again be noted that the problems these companies are experiencing pertain to high-value, high-tech and high-skill roles like engineering and software development that require significant experience and/or professional and academic qualifications. Such positions contrast with the majority of the occupations eligible for the Skilled Worker visa.* While these kinds of specialist roles are well-represented on this list, so are many positions with lower or less strictly-defined barriers to entry in terms of qualifications or prior experience. These include, but are not limited to:

- **Business development executive**
- **Estate agent**
- **Betting shop manager**
- **Restaurant manager**
- **Online sales assistant**
- **Office manager**
- **Personal trainer**
- **Shop manager (take-away foodshop)**
- **Retail manager**
- **Driving instructor**
- **Call centre supervisor**

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To ensure that the Government's mission to reduce net migration does not do incalculable damage to strategic industries, there is a strong case that the visa regime should codify much stronger distinctions between the roles currently eligible for the Skilled Worker visa. The present equivalence is already hitting high-growth firms at a time of economic stagnation.

*Home Office, Skilled Worker Visa: Eligible Occupations and Codes (UK Government 2024)

Immigration and the UK's Industrial Strategy



The Government's industrial strategy

The need to safeguard particular industries' access to rare global talent is all the more pertinent given the imminent publication of a UK industrial strategy.

The UK Government has identified eight growth-driving sectors key to the country's medium-term economic prospects. These are:

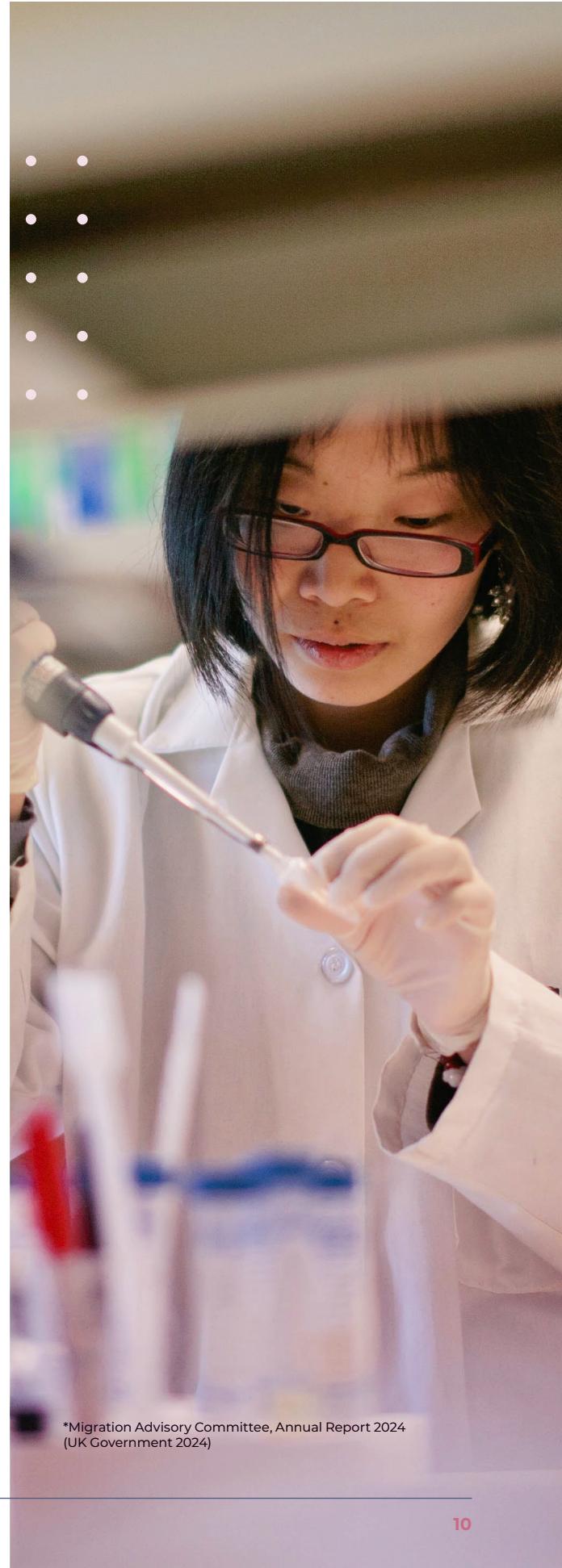
- Advanced manufacturing
- Clean energy industries
- Creative industries
- Defence
- Digital and technologies
- Financial services
- Life sciences
- Professional and business services

The Government's industrial strategy, pencilled in for later this year, will set out how these sectors' needs will be prioritised. We will assume that this will encompass securing the skills base that organisations in these areas can rely on. The trade-offs of human resourcing will inevitably loom large in any such discussion.

Immigration and skills shortages: the evidence

Before taking power, the Labour government used its manifesto to pledge an ambitious programme of upskilling workers en masse, in order to wean the economy off its reliance on immigration.

Ministers may take heart from the latest Migration Advisory Committee (MAC) report.* The MAC compares sectoral uptake of Skilled Worker visas for new hires with government data on skills-shortage vacancy (SSV) densities. Its analysis shows no clear correlation between sector-specific skills shortages and businesses' use of sponsor licences.



*Migration Advisory Committee, Annual Report 2024 (UK Government 2024)

Skills-shortage vacancies and visa usage



Source: Employers Skills Survey, Home Office visa data, Annual Population Survey (APS)

Per the MAC's findings, while social workers have one of the highest SSV densities of any occupation, they are far less likely to be hired from abroad than IT business analysts. This is despite the latter scoring much lower for SSV density.

The MAC finds that the top five sectors for Skilled Worker visa usage are:

- **Health & Social Care** - 58% of total visas granted
- **Professional, Scientific and Technical Activities** - 9% of total visas granted
- **Information and Communications** - 6% of total visas granted
- **Finance and Insurance** - 6% of total visas granted
- **Hospitality** - 4% of total visas granted

This list overlaps in places with the Government's eight priority industries. But taken on its own, this doesn't tell us much about the kinds of roles these sectors are hiring for from abroad. For instance, 50% of Skilled Worker visas between 2021 and 2023 were given to people with Level 6 qualifications: roughly equivalent to a bachelor's degree. This is a skill level that is already very challenging to replicate among the domestic workforce, with a significant timelag inherent.



50% of Skilled Worker visas between 2021 and 2023 were given to people with Level 6 qualifications

Yet some of the highest-value jobs in the Government's strategic list will require postgraduate-level specialisms in engineering and other STEM fields.

As any hiring manager knows, a 21-year-old recent graduate will be assigned very different responsibilities to a new hire with twenty years of experience who has been taken on to lead a complex project.

For a closer view of strategic sectors' need for highly skilled overseas labour, we will use the most recent Home Office Immigration System Statistics* to examine the uptake of Skilled Worker visas for only the most specialised roles in the Government's eight priority industries. We will cross-check this against the most meaningful datasets for skills shortages to diagnose the extent to which immigration is filling genuine gaps that would otherwise remain vacant.

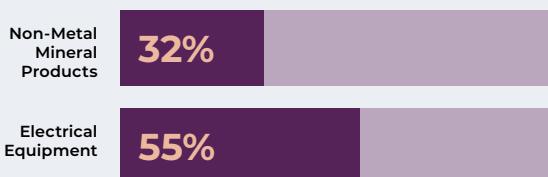
Advanced manufacturing

The previous government considered advanced manufacturing to be 'production processes that integrate advanced science and technology, including digital and automation, to manufacturing'.* This remains too vague a definition to be useful for our purposes, so we will examine data for manufacturing as a whole and refine by job roles for a clearer picture of the demand for high-tech skills.

Skills shortages

The official Employer Skills Survey** gives us some useful insights on SSV densities in 18 different manufacturing areas. These range between 32% for 'manufacture of other non-metallic mineral products' to 55% for 'manufacture of electrical equipment'. This indicates significant shortages but doesn't tell us about the roles in demand.

Skills-shortage vacancies in manufacturing sectors



A 2024 joint [report](#) from trade publication *The Manufacturer* and Barclays Corporate Banking identifies a lack of skills as their biggest barrier to growth, with digital skills a particular stumbling block. The manufacturing industry struggles with finding digital skills. Industrial recruitment firm Metalis [highlights](#) the following roles as among those proving especially hard to fill:

- Automation and robotics engineers
- Additive manufacturing specialists
- Electric vehicle engineers
- AI and machine learning engineers
- Mechatronics engineers



Skilled Worker visa uptake

So how frequently are manufacturing firms using the Skilled Worker visa to beat these shortages of skilled workers with advanced STEM skills?

The Home Office's statistics for the manufacturing sector's visa uptake allow us to filter by occupation sub-major group to include only those with the most specialised abilities to perform and manage advanced manufacturing processes.

Between 2021 Q1 and 2024 Q4, **10,875 Skilled Worker visas were issued for these professionals**. This is 52% of the total number of Skilled Worker visas for the manufacturing sector over the same period.

Given that [55%](#) of UK manufacturers in 2023 reported a shortage of advanced manufacturing skills, these numbers suggest that overseas visa holders may even be slightly under represented in firms' hiring strategies. This would, however, require access to granular, company-specific data to ascertain for sure.



55% of UK manufacturers in 2023 reported a shortage of advanced manufacturing skills

Nonetheless, it is clear that the Skilled Worker visa is a vital resource for advanced manufacturing companies to maintain growth amidst acute labour shortages.

*All references are to Home Office, Immigration System Statistics: Year Ending December 2024 (UK Government 2025)

**Department for Business and Trade, Advanced Manufacturing Plan (UK Government 2023)

***Department for Education, Employer Skills Survey 2022 (UK Government 2024)

Clean energy

The UK government is pursuing one of the most ambitious policy initiatives in the country's history: **to achieve 95% low-carbon electricity generation by 2030.**

This will only be reached through a roll-out of large-scale infrastructural projects, from offshore wind farms like Dogger Bank to the H100 hydrogen-to-homes gas project, not to mention significant upgrades to the National Grid's carrying capacity. All these projects are labour-intensive, and require the mass deployment of engineers, project managers and technicians with highly specialised skillsets, qualifications and career experience.

Skills shortages

The Government's action plan* admits that persistent skills shortages threaten this whole endeavour. This official strategy anticipates that 'most clean energy jobs will need to be filled by the existing workforce', namely from among the **90% of the UK's oil and gas workforce identified as having relevant transferable skills**. Yet this assumes several variables all fall in the right direction, including the oil and gas workforce's willingness to change positions and the feasibility of mass, simultaneous retraining schemes.

For perspective, in 2021 there were only **119,000** offshore wind technicians in the entire world, with dozens of nations competing for their work. Wind power roll-out, itself just one dimension of the UK's wider net zero transition, is almost certainly unachievable without at least some contribution from overseas talent.

The size of this contribution should be partly legible in the data on employers' real use of the Skilled Worker visa to date.



Skilled Worker visa uptake

It is difficult to ascertain the clean energy industry's exact use of the Skilled Worker visa.

For one, the Home Office data does not separate renewable energy from the hydrocarbon-based energy supply. Additionally, the energy transition is a multisectoral venture, encompassing firms from sectors like construction, engineering and oil & gas.

In this vein, we can arrive at the most useful proxy for identifying visa issuance for those with the relevant technical skills for the net zero transition by examining the data for the 'Electricity, gas, steam and air conditioning supply' industry code and the 'Construction' industry code and then filtering by occupation.**

Between 2021 Q1 and 2024 Q4, 10,384 Skilled Worker visas were issued to these high-skill professionals. In the final quarter of 2024, just 496 such visas were granted; the lowest quarterly figure since the end of 2022.

This is a drop in the ocean of the so-called **green skills** gap of over 184,000 workers. This is the total number of workers who will be needed, *in addition* to those transferring from the hydrocarbon sector, to achieve net zero.

Far from using immigration to undercut the earning power of UK nationals by flooding the sector with cheap labour, the companies delivering the energy transition are strikingly restrained in their use of Skilled Worker visas.

*Department for Energy Security and Net Zero, Assessment of the Clean Energy Skills Challenge (UK Government 2024)

**Home Office Data Filtered by Industries [Electricity, gas, steam and air conditioning supply; Construction] Occupation sub-major group [; Corporate Managers and Directors; Science, Research, Engineering and Technology Associate Professionals; Science, Research, Engineering and Technology Professionals; Skilled Construction and Building Trades; Skilled Metal, Electrical and Electronic Trades]

Creative industries

The creative industries are a cornerstone of the UK's economic strategy, contributing £108 billion annually and employing over two million people across diverse sectors such as film, fashion, gaming, and publishing.*

For the purpose of this analysis, we will incorporate digital technologies into the creative industries to reflect the way they are categorised in official datasets. Beyond their considerable economic clout, these sectors also shape the UK's cultural influence and soft power on the global stage. But the Government's ambitions to cement the UK's position as a global leader in creative innovation is threatened by acute skills shortages plaguing the sector.

The creative industries are quite broadly defined. The Department for Digital, Culture Media and Sport (DCMS) groups them into nine key sub-sectors:

- Advertising and marketing
- Architecture
- Crafts
- Design
- Film, TV, radio and photography
- IT, software and computer services
- Publishing
- Music, performing, and visual arts
- Museums, galleries and libraries

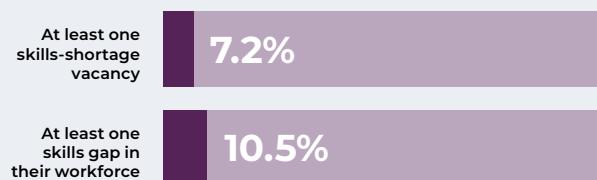


Skills shortages

DCMS helpfully publishes its own data on skills challenges. The most recent data from 2022** finds 7.2% of businesses in the creative industries had at least one skills-shortage vacancy - a job opening that can't be filled due to a lack of qualified workers. 10.5% of businesses in these fields also reported having at least one skills gap in their workforce.

Meanwhile, an estimated 33% of overall vacancies in the creative industries are attributed to skills shortages.

Skills shortages in the creative industries (2022)



33% of overall vacancies in the creative industries are attributed to skills shortages

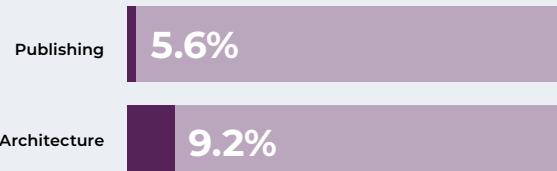
*House of Lords Library, Contribution of the Arts to Society and the Economy (2024).

**Department for Digital, Culture, Media and Sport, DCMS Sector Skills Shortages and Skills Gaps 2022: UK (UK Government 2022)

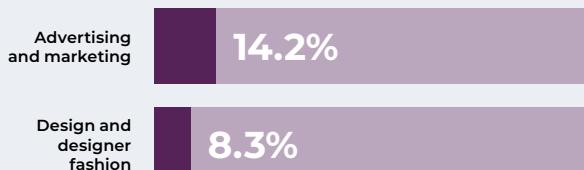
The challenges also vary according to sub-sectors. Just 5.6% of publishing businesses reported skills-shortage vacancies - the lowest in the dataset. Architecture companies were most likely to report them, with 9.2% doing so.

However, advertising and marketing firms were most likely to suffer from skills gaps in their workforce, with 14.2% doing so. This compares unfavourably to the 8.3% of design and designer fashion companies reporting internal skills gaps.

Sub-sector skills shortages in the creative industries



Sub-sector skills gaps in their workforce



The experience of skills shortages is as mixed as one might expect from such a heterogeneous cluster of companies. But the evidence does point to considerable recruitment challenges that, if left unchecked, could hold back a key UK growth engine.



Skilled Worker visa uptake

A discrepancy between the occupation codes used in the Home Office's data and those used by DCMS makes it hard to precisely quantify sponsor licence usage for the highest-skilled professionals in these sectors. But we can use the former's industry segments and occupation sub-major groups to construct a workable proxy.*

This representative dataset places the number of Skilled Worker visas issued for high-skilled professionals in the creative industries between 2021 Q1 and 2024 Q4 at 75,669.

This is substantially higher than the total visas issued for other sectors analysed in this report. But this number must be placed in the context of a 2.4 million-strong workforce.

The most professionally-qualified Skilled Worker visa holders represent just **3.2% of this workforce**; not even enough to fill the skills gaps identified by the DCMS. If the creative industries were to lose access to this relief force, it is conceivable that a pillar of the Government's growth strategy will crumble.

*Home Office Data filtered by Industries [Arts, Entertainment and Recreation, Information and Communications; Professional, Scientific and Technical Activities], Occupation sub-major group [Business, Media and Public Service Associate Professionals; Business, Media and Public Service Professionals; Corporate Managers and Directors; Culture, Media and Sports Occupations; Science, Research, Engineering and Technology Associate Professionals; Science, Research, Engineering and Technology Professionals; Textiles, Printing and Other Skilled Trades]

Defence

It is not possible to extract meaningful data on the defence sector's use of Skilled Worker visas from existing datasets. The Home Office data does not include defence as a category in their statistics. Security restrictions also contribute to hesitance around hiring foreign nationals. As such, we are not able to conduct a useful analysis on this sector.

Financial and professional services

Last year, Chancellor Rachel Reeves described the UK's financial and professional services sector as the "jewel in the crown" of the British economy. The industry employs [2.4 million](#) people - **over 1.1 million in financial services and more than 1.3 million in related professional services**. To show its purpose, the Government has embarked on a deregulatory drive to spur growth in the sector.

But onerous regulation is not the only barrier to the City of London and its satellites across the country. Skills shortages are arguably as much of an impediment, with an impact that is only growing as the technological frontier travels forward.



*Home Office Data filtered by Industries [Financial and Insurance Activities; Professional, Scientific and Technical Activities], Occupation submajor group [Business, Media and Public Service Associate Professionals; Business, Media and Public Service Professionals; Corporate Managers and Directors; Science, Engineering and Technology Associate Professionals; Science, Engineering and Technology Professionals]



Skills shortages

The Financial Services Skills Commission's (FSSC) latest [report](#) pinpoints five roles that its members are finding particularly hard to fill: data, software, risk, cyber and product manager. Firms also report significant supply-demand gaps in machine learning/AI roles and cybersecurity.

The report places the total sector-wide skill gap at 160,000, with a particular concentration in advanced digital skills. So how much of a role is immigration currently playing?



Skilled Worker visa uptake

Given London's status as a pre-eminent global financial hub, the UK's financial and professional services sector has always been highly international. In 2023, [25%](#) of financial services workers were born outside of the country. So how is this reflected in the industry's use of the visa system?

When filtered to include only the most high-value, high-skilled roles in professional services*, the Home Office data shows that 67,617 Skilled Worker visas were issued between 2021 Q1 and 2024 Q4.

Even if this rate of visa uptake was consistently replicated over the next twelve years, it would still not quite replace the **260,000 highly-skilled workers that the FSSC predicts the industry will lose to attrition and retirement by 2035**.

Ministers should think very carefully before making any moves to obstruct the all-important services sector's access to skilled talent. Nothing less than the UK's status on the global economic stage is at stake.

Life sciences

The UK's life sciences industry contributes over £94 billion each year to the economy and employs over 280,000 people. In a country whose productivity woes have become a critical concern for the Government, this sector's workforce is twice as productive as the national average. Underpinned by world-class universities and a robust funding environment, the growth of the life sciences ecosystem has the potential to transform regional economies.

Skills shortages

The life sciences' success is threatened by a dearth of the advanced technical and scientific skills needed to carry out high-level research and innovation. The Science Industry Partnership's Life Sciences 2030 Skills Strategy estimates that **growth will depend on filling 133,000 additional roles by 2030**. Yet recent estimates that 70% of UK life sciences companies are experiencing skills shortages show how precarious these hopes might be. But how much is immigration picking up the slack?



70% of UK life sciences companies are experiencing skills shortages



Skilled Worker visa uptake

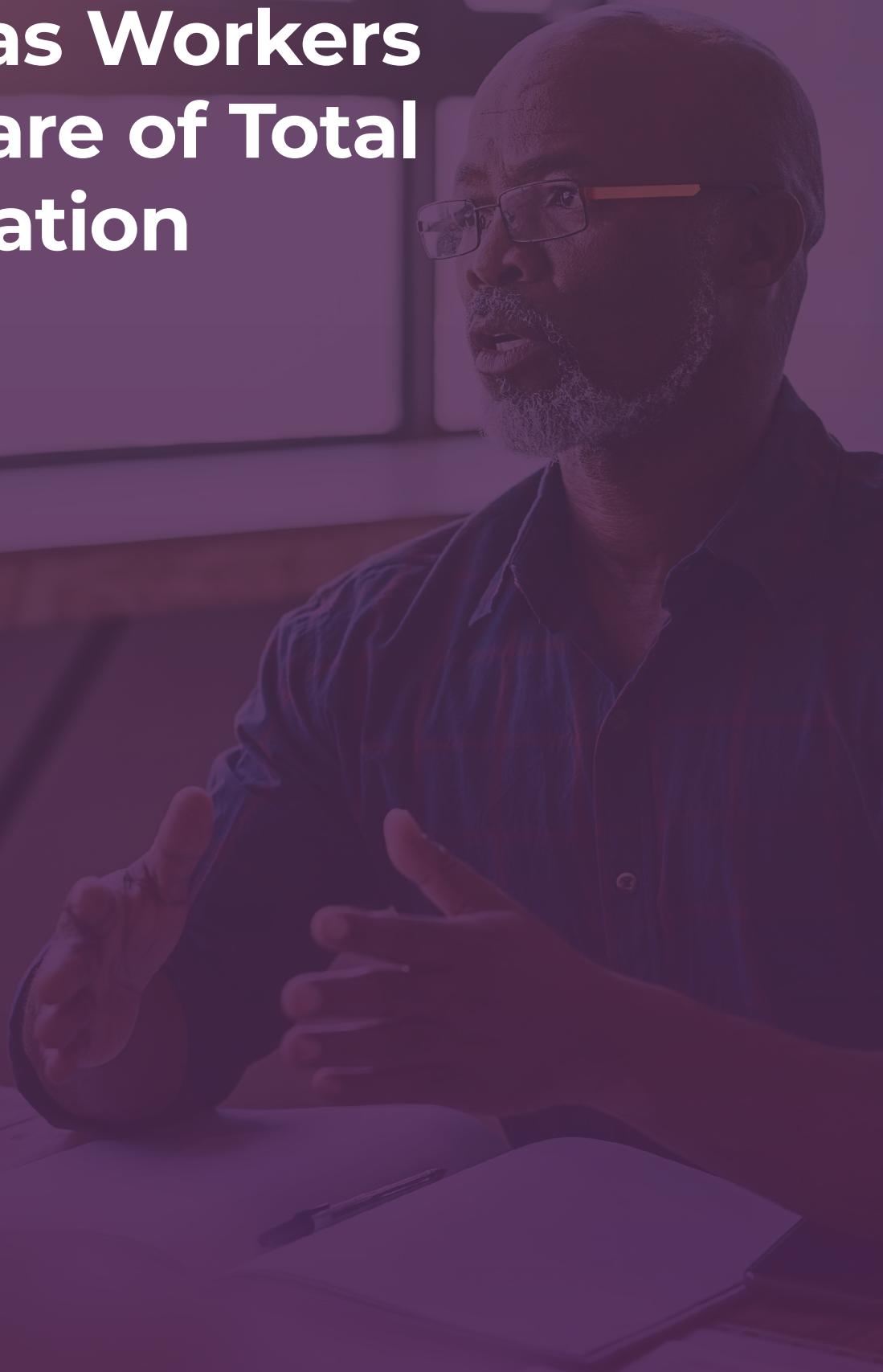
It is impossible to separate life sciences from other scientific fields in the Home Office datasets. In this sense, the figures we present will represent the use of sponsor licences in UK science and research as a whole. However, given the prominence of life sciences within British research, we believe these figures will remain indicative.

Once the dataset for Professional and Scientific Activities industry category is refined to include only those involved at the highest level of research, technical production and company management*, we discover that only 16,227 Skilled Worker visas were issued between 2021 Q1 and 2024 Q4. This is only 8% of the projected shortfall by 2030.

Any perceived over-reliance in UK R&D and applied science on foreign talent is not substantiated by the data.

*Home Office Data filtered by Industries [Professional, Scientific and Technical Activities], Occupation sub-major group [Corporate Managers and Directors; Science, Engineering and Technology Associate Professionals; Science, Research, Engineering and Technology Professionals], Occupation minor group [Chief Executives and Senior Officials; Engineering Professionals; Information Technology Professionals; Information Technology Technicians; Natural and Social Science Professionals; Process Operatives; Production Managers and Directors; Quality and Regulatory Professionals; Research and Development (R&D) and Other Research Professionals; Science, Engineering and Production Technicians]

The Highest-Skilled Overseas Workers as a Share of Total Immigration



Top industries use the Skilled Worker visa for high-skilled roles

Our analysis provides an indicative quantification of the extent to which the Government's most prized strategic industries use the Skilled Worker visa to fill only the most genuinely high-skilled roles.

We find that, in the 16 quarters up to and including 2024 Q4, these professionals account for a total of 180,772 Skilled Worker visas.

We have also shown these visa issuances do correspond with well-documented shortages of top-skilled talent in each sector.

We shall now proceed to place this carefully curated number in the context of total immigration numbers over this period.

Visa grants for top-skilled talent

36%

Number of Skilled Worker visas when the Health & Care subcategory visa is included

80%

Number of Skilled Worker visas when the Health & Care subcategory visa is excluded

32%

Number of total permanent Worker visas



This level of immigration averages out at an annual rate of 45,193 per year. This is just 6.2% of the total net migration recorded for the year ending June 2024, and under 5% of the record total notched in the year ending December 2023.*

It also easily meets the Cameron-led Conservative government's failed pledge to reduce net migration to the 'tens of thousands'.

*Office for National Statistics, Long-term International Migration, Provisional: Year Ending December 2023 (ONS 2024)

What these numbers mean

We must stress that this analysis comes with caveats. The Home Office's Standard Industrial Codes (SIC) and Standard Occupation Codes (SOC) do not perfectly align with the terminology used in the Government's strategic documents, or in every workplace. In addition, data on sector and role-specific skills shortages comes from disparate sources, both official and private. These gaps will inevitably result in some degree of double-counting. The 'true' figure thus may be lower than we have calculated.

However, we believe our methodology, conducted on the most recent and highest-quality official data, is the most sound and rigorous response to these gaps possible. It yields two insights. The first is a picture of the undeniable skill shortages that plague the UK's critical sectors, particularly for roles requiring particularly high bars of qualification and experience. The second is a useful, indicative proxy for the use of Skilled Worker visa usage in key strategic sectors to fill such roles.

The indicative number this analysis produces represents a very small proportion of net migration to the UK, both for work purposes and in aggregate.

This strongly suggests that the Government could succeed in two of its existential aims that sometimes seem incompatible: returning the economy to growth and reducing net migration. A well-sculptured approach to the immigration system could bring numbers down without jeopardising the ability of top-tier UK businesses and organisations to fill the skill gaps that evidently hinder their growth. This could accompany an ambitious agenda of domestic upskilling to replenish the talent pipeline in the longer term.

But that is not the immigration system we currently have.

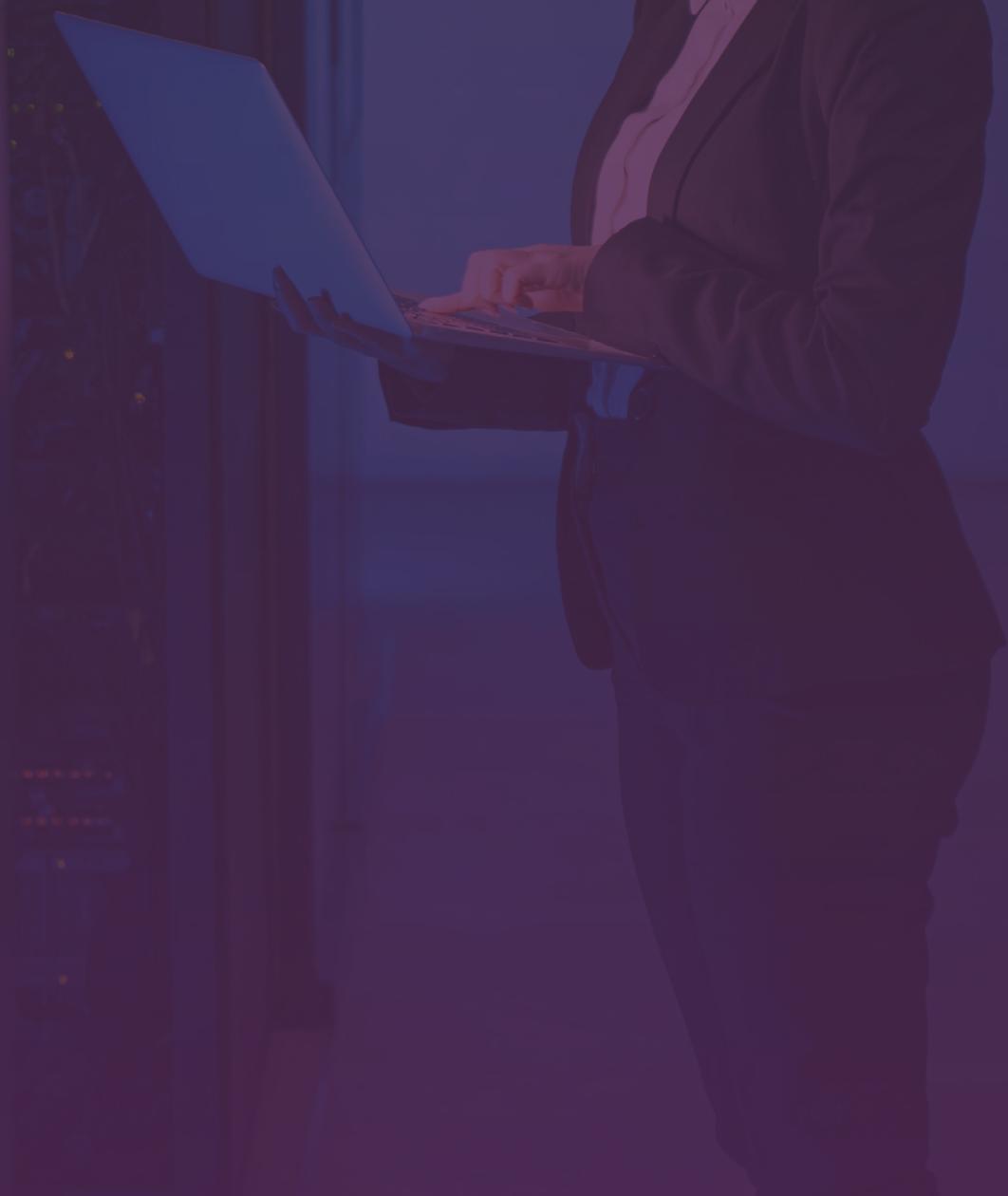
The case for change

The Skilled Worker visa route is clearly satisfying its reason for existence: to help companies fill high-shortage, high-skill occupations. But we also see a large gap between the numbers produced by our analysis and the total visas issued under this route. This gap adds weight to the MAC's contention: that the Skilled Worker visa route is being used at significant volume to hire for roles with 'low educational/training requirement[s]'. This erodes the correlation between visa use and skills gaps.

In a different political climate, with a different set of imperatives, this might not be a problem. However, the present government has made explicit pledges to bring down net migration, though without setting a precise numerical target. As the UK's most used immigration pathway, the Skilled Worker visa route will be the most obvious site of any further restrictive reforms.

Yet a government serious about growing the economy by boosting strategic sectors cannot also jeopardise firms' access to scarce talent. Another set of restrictions that apply across the board to the Skilled Worker visa route, as it is currently constituted, would risk throwing the proverbial baby out with the bathwater. In this context, we believe the only solution to fulfil both objectives is to rethink the design of the Skilled Worker visa route.

A Plan for a Growth-First Visa System



A vision for a visa system that works

To be sustainable, the visa system must do three things.

- 1** Deliver a reasonably consistent, predictable rate of net migration, without producing the huge, politically destabilising spike effects seen in the last few years
- 2** Disincentivise the use of sponsor licences as the hiring strategy of first resort for jobs which British nationals could fill
- 3** Allow firms in strategic sectors to fill high-value vacancies that require significant specialisms not easily available in the domestic talent pool

Such a system would benefit the national mission of economic growth in several important respects. It would give firms the human capital they need to grow, safeguard flagship initiatives like net zero and allay public fears that immigration has spiralled out of control.

All these outcomes together should lower immigration's political salience, making governments less likely to reactively tinker with the rules as frequently as they have in the last decade. Employers would thus have longer-term confidence in their hiring strategies and cost forecasts, clearing the way for investment in other areas.



Our proposal: the Skilled Worker visa, remade

Based on the analysis conducted in this paper, we advocate a radical restructuring of the Skilled Worker visa, under the new name of the **Growth Visa**. The new visa should incorporate the following minimum specifications:

1 The Skilled Worker visa should be delinked entirely from its Health & Care visa sub-route

The dynamics and pressures that the health and social care sectors experience are separate from those of the private sector. They should, therefore, be catered to separately by the immigration system.

Thanks to several years of tweaking, the Health & Care visa already has quite different eligibility criteria than its parent route, leaving it already a de facto standalone visa. This should be formalised, so that policies designed around the needs of private sector recruitment do not create distorting effects for the NHS, and vice versa.



2 The qualification threshold for eligible jobs should be raised

At present, the Skilled Worker visa is issued to those with a minimum Regulated Qualifications Framework (RQF) Level 3 - equivalent to the English A-level. This is part of the reason why it grants access to so many lower-skilled positions, as well as specialist ones.

To make good on the visa route's promise of granting the world's brightest and best access to the UK labour market, we propose that this threshold be raised to RQF Level 6 - equivalent to a Bachelor's Degree.

This would protect firms' ability to hire graduates from overseas while ensuring UK nationals are also prioritised for other roles that may have lower bars to entry.

We would also advocate a provision for case-by-case exceptions for particularly talented individuals without formal degrees, as proven by signed and validated references from leading names in their industry, dating back further than three years.

3 Future salary threshold rises should be capped at 5%

The 2024 minimum salary threshold hike took many businesses by surprise and created significant new cost pressures in a short period of time. Salary thresholds are now roughly aligned with the domestic median salary. We, therefore, believe that the Government should restore business confidence by pledging that any future rises to the minimum salary will be capped at 5% at a time. This would comfortably outstrip projected rates of inflation, thus safeguarding the Government's real-terms revenue-raising abilities while allowing businesses to plan their cost forecasting and remove the looming risk of nasty shocks.



4

The points system should be weighted in favour of strategic sectors

Skilled Worker eligibility is determined according to a points-based system, taking into account English proficiency, academic qualifications, job applied for and previous work experience. To boost the Government's industrial strategy and ensure that work-related migration is concentrated in the most productive areas, applications for jobs in strategic sectors should induce a higher weighting.

5

Current allowances for dependants should continue - but dependants' employment should be recorded

The right to bring dependants is an important pull factor for global talent. If top AI developers and hydro-engineers must separate themselves from their families when settling in the UK, they may very well choose a more hospitable home for their skills. That's why we would advocate that no further restrictions be placed on visa holders' ability to take dependants with them.

At present, however, the participation in the workforce of dependants and others on non-work visas is not adequately recorded. In the context of persistent and well-documented issues with the ONS's Labour Force Survey, this leaves a large gap in the British state's visibility of its own labour force. To improve the integrity of data collection, we would recommend that our proposed reforms to the Skilled Worker visa come with a mechanism for recording adult dependants' employment.

Ensuring buy-in

Reforms to the visa system are led and instituted by the Home Office. But they have wide-ranging impacts beyond that department's brief. As a result, the policy design process should incorporate a broad range of inputs.

At present, the Home Secretary leads on drafting new legislation or white papers outlining reforms. Policies are debated in Cabinet meetings before execution. They are informed by the research reports prepared by the Migration Advisory Committee, which the Home Office commissions both annually and on particular occasions. However, there is no obligation for the MAC's recommendations to be encoded in policy.

This system of creating policy ignores a simple fact: that immigration is as much an economic and social matter as a national security concern. It is bad for the country that a sitting Home Secretary, thinking within a five-year electoral time horizon, might respond to a flurry of bad headlines by enacting short-termist policies that harm the work of other branches of state. For it to be sustainable, the precise contours of this new visa system should be crafted by a wider range of hands from across government.

While ultimate responsibility for administering the UK's borders will always reside with the Home Office, we propose the following mechanism for implementing this or any other new visa route.

A Growth Visa taskforce

The House of Commons has a proud history of bringing together Ministers from across government departments to solve knotty, multifaceted policy problems.

A number of cross-departmental units operate in the Palace of Westminster. For instance, the Department for Business and Trade (DBT), the Foreign, Commonwealth & Development Office (FCDO) and the Ministry of Defence (MOD) are all represented in the Export Control Joint Unit (ECJU) that oversees export control on sensitive items.

The entrance of skilled workers into the United Kingdom should be governed by a similar plurality of interests. We therefore advocate the formation of a new cross-departmental body tasked with evaluating evidence and issuing policy recommendations on the exact scope of this new visa: the Growth Visa Joint Unit (GVJU).

This body should be convened to issue recommendations for the parameters of this new visa route. This body should include representatives from the following departments at a minimum:

- Department for Business and Trade
- Home Office
- Department for Science, Innovation and Technology
- Department for Culture, Media & Sport
- Department for Education
- Department for Energy Security & Net Zero
- Ministry of Defence
- Scotland Office
- Wales Office
- Northern Ireland Office
- HM Treasury

Ministerial representatives should be joined on this taskforce by stakeholders from business and civil society. This may include bodies like the Confederation of British Industry, academics, senior leaders of businesses in strategic sectors and trades union representatives.

While such taskforces have previously been convened to tackle migration-related issues, their remit has typically been limited to illegal migration and border control.

There is a gap in cross-departmental policy thinking on the subject of migration as a strategic economic lever that should be filled urgently.

This body should consult closely with the Migration Advisory Committee to form a virtuous feedback loop of expertise. This will allow it to issue more prescriptive, all-encompassing recommendations to the Home Office than are typically within the MAC's gift. To prevent the drift and indecision that have long plagued policymaking, the Unit should be given a deadline upon formation to present its recommendations to the Home Secretary.

Balancing the Home Office's particular incentives with those of other interest groups would give the new visa route greater legitimacy. A more consultative design process may help the proposed Growth Visa run on more durable rails than its predecessors.



Conclusion

Rethinking UK Visa Policy: Growth, Skills, and Migration

The UK's visa sponsorship system has been destabilised, above all, by an inability to project demand.

For instance, the Health and Care visa subroute was launched based on Department for Health and Social Care estimates of between 6,000 and 40,000 successful applicants per year. In reality, the Home Office data we have examined shows that an average of 19,446 such visas were issued **per quarter** since 2021 for this route alone.

Estimated vs. actual Skilled Worker visas issued per year

40,000

19,446

6000

The average number of visas issued per quarter since 2021



When uptake so outstrips expectations, policymakers are incentivised to pull easy levers, manipulating the design of the visa system to make it harder to use. For a government that ostensibly prioritises growth, this is particularly dangerous when the visa design already makes little distinction between high-value roles and those with less critical implications for national output.

Preliminary evidence suggests the previous government's crackdown on the Skilled Worker visa is succeeding in its primary objective - cutting the number of people coming to the UK to perform lower-paid roles. But as our consultations with businesses show, the sudden changes also hampered firms' ability to fill the specialist roles that Britain's growth ambitions hinge upon.



The case for a more differentiated visa regime is high-on inarguable. By mapping our proposal for a new system against skill gaps in the Government's key sectors, while expanding the range of inputs that inform design, we hope to give policymakers a blueprint for a more responsive visa system that prevents unforeseen surges. This would also have the second-order effect of giving both business and the general public certainty about the purpose and future of the immigration system.

By calling for this change, we make no value judgment on the worth of the job roles we propose to exclude, nor on the desirability of foreign nationals filling them. Instead, we hope to give the Government a practical path to achieve three stated goals that can so often seem incompatible: reducing net migration, growing the domestic skills base and raising the economy's potential growth rate. By doing so, we hope this proposal could also help neutralise some of the toxicity that has oozed into the political debate around migration.

The UK needs immigration - and likely always will. The industries of the future rely on access to rare competencies that are not in sufficient domestic supply. These workers deserve to settle in an environment that welcomes their talents and does not penalise them or their employers for accepting their contributions.

We hope that His Majesty's Government and the MAC will take note of our recommendations, and we await their response with great interest.



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