U.K. Immigration Update: Government Unveils New Post-Brexit Points-Based System

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The British government released a policy statement on 19 February 2020 about the future of the United Kingdom's (U.K.) immigration system, and the proposed changes will make it very costly for U.K. companies to employ European Union (EU) citizens. Following the [U.K.'s departure from the EU](#) last month, freedom of movement for EU citizens to the U.K. and for U.K. citizens to and within the EU will cease at the end of the transition period on 31 December 2020. The new immigration system will commence in January 2021 (although details will be forthcoming from autumn 2020) and will apply to economic migrants only — family migration and asylum are unaffected by this policy. However, new policies for these categories could be released in the future.

Key Changes to the Immigration System

The U.K. has had a points-based system in place since 2008, so this is not a drastic overhaul of the visa system. The most significant changes to the operation of the U.K. immigration system will be the end of freedom of movement, and the fact that EU citizens will become subject to the points-based system for the first time.

For workers with a job offer, key changes to the system starting in January 2021 will include:

- A reduction in the minimum salary requirement from £30,000 to £25,600 (or the "going-rate" for a particular job if that is higher).

- A minimum salary of £23,040 if the applicant has a non-STEM Ph.D. relevant to their role or £20,480 if they have a STEM Ph.D. or will work in a job on the Shortage Occupations List.

- The requisite skill level will be reduced from a bachelor's degree to A-level.

- The resident labour market test will be scrapped.

- There will be a suspension on the cap of the number of visas issued.

- The requirement that a position be advertised to local workers before recruiting foreign nationals will be removed.

Applicants will still have to have an appropriate knowledge of English and be sponsored by a U.K. employer that holds a sponsor licence.

The new A-Level skill level will be more burdensome for EU applicants, who are not accustomed to being reviewed at all for their skills. For applicants from outside the EU, this will actually result in more qualifying applicants, as some would previously have been rejected due to not holding a degree.

Cost Considerations for Hiring EU Citizens

Although it is a positive step that the government has followed the Migration Advisory Committee's (MAC) advice to scrap the labour market test and the cap on the number of applicants, the biggest consideration for many employers will now be cost. Where they previously could employ EU citizens for no cost at all, beginning 1 January 2021 under the new system they will have to pay Home Office application fees, the Immigration Skills Charge and the Immigration Health Surcharge. Altogether, the minimum cost of just one employee's five-year visa would be over £7,500, before considering the extra management time and effort put into the hiring process and additional costs if the employee wishes to be accompanied to the U.K. by family members.

This is a huge financial burden for employers that are used to having access to employees from across the EU for no charge at all. It is clear from the policy statement that this is a deliberate action by the government. The goal of the new system is to shift the focus of U.K. immigration to highly skilled immigrants, since any new routes for general low-skilled or temporary workers were expressly excluded. The government says that the country will need "to shift the focus of our economy away from a reliance on cheap labour from Europe and instead concentrate on investment in technology and automation. Employers need to adjust." To help with this adjustment, the government suggested that employers fill gaps with workers who enter the U.K. under existing programmes, such as the EU Settlement Scheme, Youth Mobility Scheme, or even dependents of skilled workers who have the right to work in the U.K.

Additionally, the Global Talent route which was launched this month will be extended to EU citizens in January 2021. The government has also said that it will be exploring over the next year a further route for highly skilled workers to enter the U.K. without a job offer, though they will take some time to develop the details.

More Details to Come

This policy statement only gives a very broad outline of what the government plans to do. The Home Office has said that it will publish more detail (including guidance on points tables, shortage occupations and qualifications) in due course, and it plans on launching the system in autumn 2020. That does not leave much time for employers to adjust, so businesses that need overseas workers should keep a close eye on future developments and, if they have not done so already, consider applying for a sponsor licence now if they have a need to hire foreign nationals in the near future.

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