

## Immigration Reforms Require Immediate Employer Attention

By **Jennifer Connolly, Yvette Allen and Carina Bryk** (July 7, 2025, 3:30 PM BST)

The U.K. government's recently published white paper on restoring control over the immigration system signals a policy shift intended to reduce net migration and pivot the U.K.'s visa regime toward higher-skilled talent.[1]

For employers, these proposals could reshape how international recruitment is planned, funded and managed over the coming years.

While the measures outlined in the white paper are not yet in force, they are broadly supported within the government. Employers reliant on overseas talent, especially in sectors with roles below degree level, should look to act now to get ahead of these changes.

### Strategic Workforce Considerations: The Shrinking Skilled Worker Route

One of the most impactful proposals is the retightening of the skilled worker visa route.

The government plans to raise the eligibility threshold from RQF Level 3, or A-level equivalent, to graduate-level RQF Level 6, effectively disqualifying about 180 occupations — most notably care workers and various roles in construction, logistics and hospitality.

While some transitional arrangements are expected — such as temporary allowances for in-country extensions until 2028 — the broader message is clear: The skilled worker route will no longer be a channel for lower-skilled or mid-skilled roles.

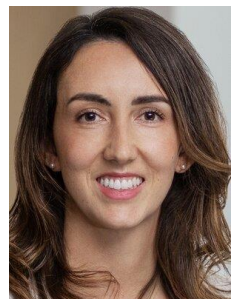
Employers who currently depend on international hires for such positions should urgently:

- Review their talent pipelines and identify at-risk roles;
- Accelerate sponsorship where possible; and
- Explore whether planned hires may fall under temporary exceptions, such as the proposed list of temporary shortages List.

The government's intention appears to be to tighten the route while nudging employers toward investing in domestic skills pipelines, with increased scrutiny on sectors perceived as overly reliant on



Jennifer Connolly



Yvette Allen



Carina Bryk

migrant labor.

### **Budget Planning: Rising Costs of International Hiring**

The white paper introduces a series of cost escalations that employers should factor into hiring budgets:

- The immigration skills surcharge will rise by 32%, from £1,000 to £1,320 (\$1,366 to \$1,803) per sponsored worker per year for large sponsors, and £364 to £480 for small or charitable sponsors.
- Minimum salary thresholds for skilled worker visas will increase in line with the higher skill level.
- Settlement eligibility will now require 10 years of lawful U.K. residence, up from five years, prolonging the cost burden of sponsorship.

For employers with long-term workforce strategies, the cumulative impact of these changes could be significant. Sponsorship may become more expensive and settlement further away, and recruiting global talent could become administratively burdensome.

It would be prudent to conduct a budget impact assessment to understand how these changes may affect ongoing and future international hiring plans.

### **Reframing Graduate and High-Skill Recruitment**

While mid-skilled routes are being squeezed, the government is simultaneously expanding pathways for high-potential and highly skilled individuals:

- The high potential individual visa will see its university eligibility list expanded, making it easier for employers to access overseas graduates from top institutions.
- The graduate visa, for U.K. university alumni, will be shortened from two years to 18 months, but still provides a bridge to skilled worker sponsorship at a lower salary threshold.
- The innovator-founder route is being reviewed to better support entrepreneurial graduates launching businesses in the U.K.
- The expansion worker route will be widened to allow more overseas staff — up to 10, from the current limit of five — to help establish a U.K. footprint.

Employers recruiting graduates or targeting senior international talent may find greater flexibility under these routes — but should remain alert to changes in duration and switching rights.

### **Compliance and Enforcement: A Sharper Regulatory Landscape**

The white paper places renewed emphasis on compliance, with potentially significant consequences:

- A new labor market evidence group will monitor reliance on migrant labor and recommend domestic workforce strategies — participation in which may become a condition for continued sponsorship in some sectors.

- The right-to-work regime will be expanded to cover self-employed and gig economy workers, with fines as high as £60,000 per illegal worker under the forthcoming Border Security, Asylum and Immigration Bill.
- Sponsorship will increasingly be treated as a regulatory license, with compliance expectations extending beyond document checks to include contributions to U.K. training and participation initiatives.

Employers should take a proactive approach to governance, ensuring human resource systems and frontline managers are prepared for more complex duties, tougher audits, and a less forgiving enforcement environment.

### **Preparing for Settlement and Citizenship Reform**

A pivotal shift in the white paper is the proposal to double the residence requirement for settlement from five to 10 years under work-based routes. This move aligns settlement and citizenship more closely with the government's "earned rights" philosophy, requiring applicants to demonstrate deeper integration and contribution to the U.K.

Other key changes include:

- Higher English language requirements — B2 upper intermediate — for skilled worker main applicants, settlement and citizenship
- Progressive language thresholds for dependents:
  - A1, or beginner, at entry;
  - A2, pre-intermediate, at extension; and
  - B2, upper intermediate, at settlement.
- A full review of the Life in the U.K. test.

Employers should identify employees approaching settlement eligibility under the current five-year rule and encourage timely applications. Delays could result in additional years of sponsorship, legal fees, and uncertainty for both employer and employee.

### **What Employers Can Do Now — Key Actions to Consider**

While these reforms are still proposals, the direction of travel is clear. Employers should start planning immediately to mitigate risk and avoid costly surprises. Issues that employers may wish to address follow.

#### ***Review needs.***

Look at overseas recruitment and sponsorship needs for the next 12-24 months. Identify any roles at risk under the new rules.

Begin by conducting a full audit of your sponsored workforce and recruitment pipeline. Identify roles currently filled by workers on skilled worker visas at RQF Level 3-5, such as care workers, chefs,

construction operatives or HGV drivers, which are likely to fall outside eligibility under the new system.

For example, a care provider relying on non-U.K. care assistants should map renewal dates and consider which roles might need replacing or transitioning before the rules change.

### ***Speed key processes.***

Applications should be accelerated for skilled worker roles at RQF Level 3 or those unlikely to meet the new skill/salary thresholds. Consider fast-tracking extension applications to avoid higher fees and new restrictions.

Where you have open job offers or potential recruits for roles that currently qualify but may be excluded post-reform, move quickly to assign certificates of sponsorship and submit visa applications. This is especially relevant for roles in hospitality, logistics, and health and social care, which often fall below the graduate threshold.

Also consider bringing forward extension applications for existing workers whose visas expire in 2026 or later to avoid the increased immigration skills surcharge and potentially stricter English language or salary requirements. Early action may be able to preserve flexibility under the current regime.

### ***Submit early.***

Identify workers nearing settlement eligibility and encourage early submission to secure permanent residence under the current five-year rule.

For skilled workers approaching their five-year mark, encourage prompt preparation of indefinite leave to remain applications. It is possible that applying after the new rules have been implemented could result in the individual being subject to the 10-year residence requirement, affecting long-term planning and employee retention.

Employers should proactively support eligible staff by helping gather documentation, confirming continuous employment, and arranging necessary English language tests or Life in the U.K. test bookings.

### ***Keep constituents apprised.***

Update internal stakeholders and recruitment leads on the increasing complexity and costs of international hiring.

Ensure HR business partners, hiring managers and finance teams understand how the proposed changes could:

- Limit the pool of eligible overseas candidates;
- Increase average sponsorship costs per hire; and
- Extend the timeline to workforce stabilization due to longer settlement pathways.

Hold internal briefings or produce tailored guidance for teams in high-impact sectors. This should help align business strategy with realistic talent acquisition timelines and costs.

### ***Assess the budget.***

Conduct a budget impact assessment factoring in salary thresholds, higher fees and the extended sponsorship lifecycle. Employers may wish to forecast the impact of:

- Increased salary thresholds for skilled workers;
- 32% rise in immigration skills surcharge fees;
- A 10-year sponsorship window for workers who would previously have obtained settlement after five years;
- Any training or compliance costs associated with updated sponsorship conditions.

For example, an employer sponsoring 30 skilled workers over a five-year period could see sponsorship costs increased by over £100,000 in fees alone under the new regime, without accounting for increased compliance resources or higher salaries.

Employers may also want to consider if and how to use a clawback agreement.

### ***Reinforce procedures.***

Strengthen compliance procedures to handle stricter sponsorship duties and potential civil penalties — especially where self-employed or contracted workers are involved.

With government plans to extend right-to-work obligations to gig workers and subcontractors, companies that rely on agency labor, freelance contractors, or third-party vendors will need to update due diligence policies.

Examples include:

- Auditing labor supply chains;
- Ensuring third-party contractors are meeting compliance standards;

Training frontline managers and compliance teams to spot and escalate irregularities or risks of illegal working.

### ***Supply updates.***

Educate employees and dependents about upcoming English language and settlement rule changes; support timely testing and application submissions.

New language requirements — progressing from A1 at entry to B2 for settlement — could catch many families off guard, especially where dependents have remained in the U.K. without regular English instruction.

Employers can provide:

- Access to English language support, either in-house or via external providers;

- Guidance on booking secure english language tests; and
- Updates and Q&A sessions explaining how the new rules may affect staff and their families, particularly around timelines for applying for indefinite leave to remain or citizenship.

## Final Thoughts

The government's proposals signal a rebalancing of the U.K. immigration system — tightening access to mid- and lower-skilled overseas labor while expanding routes for highly skilled and graduate-level talent. If implemented, these reforms would materially change the cost, complexity, and strategy behind international hiring in the U.K.

However, it is important to emphasize that these changes remain policy proposals. They have not yet been enacted and will require amendments to the immigration rules and guidance before coming into force. The timeline for implementation is not confirmed, and some measures may evolve during the legislative process or be subject to delays.

Despite this uncertainty, employers would be wise to prepare now. The direction of travel appears clear, and acting now to assess risk exposure, accelerate key applications, and strengthen compliance systems will place organizations in a stronger position — regardless of how or when the final rules take shape.

Employers who rely on international talent should treat immigration as a strategic workforce consideration that demands long-term planning, internal alignment and legal resilience.

Employers should assess exposure, model contingencies, and build flexibility into their recruitment and workforce strategies.

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*Jennifer Connolly is counsel and leader of global immigration services for Europe, the Middle East and Africa at Morgan Lewis & Bockius LLP.*

*Yvette Allen is an associate at the firm.*

*Carina Bryk is an associate at the firm.*

*Morgan Lewis partners Shannon Donnelly and Eleanor Pelta contributed to this article.*

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[1] <https://assets.publishing.service.gov.uk/media/6821f334ced319d02c906103/restoring-control-over-the-immigration-system-web-optimised.pdf>.