



## Making the Immigration System work for Start-up Companies

### Introduction

1. Recruiting a non-EU worker can be lengthy and cumbersome for a small start-up business. This note explains the process and suggests improvements.

### Tier 2

2. Tier 2 of the Points Based System allows employers to bring in a worker from outside the EU when an employer has been unable to find a suitable candidate in the domestic labour market (which is both the UK and the EU labour markets).

3. A frequent complaint is that start-up firms – especially new tech firms of perhaps one or two people – find it difficult to navigate the system and are thus deterred from hiring. This in turn, it is claimed, is impeding economic recovery.

4. Rightly, an employer can only hire from outside of the EU if they are unable to find a suitable local worker. In order to satisfy the 'Resident Labour Market Test' a job must be advertised for at least 28 days. Alternatively, if the role appears on the Shortage Occupation List, then recruitment from outside the EU can take place without first advertising locally.

### The process

5. An employer must first of all apply to become a registered sponsor. This involves:

- a) Paying a non-refundable fee of £500 for a four year sponsor licence
- b) Reading 108 pages of guidance
- c) Completing an online application form that the UKBA claim takes 30 minutes to complete. However the employer must have the following to hand:
  - i) organisation details and names of the authorising officer, key contact, level 1 user, and other users;
  - ii) the number of certificates of sponsorship needed and the reasons for this number;
  - iii) the names and trading dates of the organisation if it has traded under another name in the last four years;
  - iv) the organisation's size and sector;
  - v) the name and registration number of any accrediting or governing body;
  - vi) the name of any stock exchange the organisation is registered with;
  - vii) PAYE, VAT or National Insurance numbers;

- viii) details of any staff criminal convictions or civil penalties for any staff named as key personnel;
- ix) supporting documents (this is a further list of a minimum of four items including insurance certificates etc.); and
- x) payment details - either a cheque or details of a credit or debit card.

6. Once the UKBA has approved the application to become a sponsor, the employer must apply for a Certificate of Sponsorship (CoS) through the online Sponsorship Management System; this can then be assigned to a worker. This process takes about 5-10 minutes.

7. Once approved, the employer has three months to allocate the CoS to a worker. Its reference number is then used by the potential migrant to apply under Tier 2.

### **The Employee**

8. The employee has to apply, either in the UK or overseas, for a Tier 2 visa using their CoS. There is a fee of £567 for an in-country application by post, or £867 for an in-country application in person (A non-EU national may apply for the advertised role while already in the UK). An overseas application costs £480. This application form is relatively short at just seven pages with a four page guidance note.

### **Improvements**

9. The process of navigating the system should be made easier for start-up companies. We suggest the following two improvements:

- a) The UKBA should establish advice centres for start-up firms in key areas, such as Tech City in East London, where they can go to seek advice and lodge their applications.
- b) Graduates of STEM subjects (Science, Technology, Engineering and Mathematics) should be granted six months at the end of their undergraduate and postgraduate studies in which to find work, rather than the current two to four months.<sup>1</sup>

### **Conclusion**

10. The immigration system should not impede small but growing companies from recruiting if a suitably qualified candidate cannot be found from the domestic labour market. Start-up businesses, in particular are essential to our economic recovery. They should be provided with an easily accessible service. Additionally, STEM graduates should be granted a longer period in which to find employment.

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<sup>1</sup> Tier 4 students who have studied for one year are granted two months at the end of their studies in which to find work. Students who have studied for more than 12 months are granted four months to find work. During this period, students are able to work in any job.