National Audit Office
NAO

REPORT

Immigration: Skilled Worker visas

Home Office

Key facts

110,500

organisations registered as sponsors for the Skilled Worker visa route in 2024

509,100

Skilled Worker visa applications received by the Home Office in 2023

£3,656

the minimum cost to an applicant for a three-year Skilled Worker visa, as at February 2025

Applications to the Skilled Worker visa route have increased significantly:

101% increase in visa applications between 2021 and 2024, from 127,300 to 256,300

185% increase in the number of registered sponsors between 2021 and 2024, from 38,800 to 110,500

648,100 applications for Health and Care Worker visas since the Skilled Worker route was expanded to include care workers in 2022

The Home Office has maintained its performance processing Skilled Worker visas:

94% of 1.03 million 'straightforward' Skilled Worker visa applications were processed within the Home Office's service standard times since January 2023

86% average customer satisfaction score since 2023

The Home Office has increased its compliance activity on the route:

79% of Skilled Worker visa applications were approved in the last quarter of 2024, compared with 99% in 2021

1,494 sponsor licences revoked by the Home Office in 2024 due to non-compliance, compared with 273 in 2022

Summary

1   The Skilled Worker visa route is the main immigration route for people to apply to work in the UK. The government opened the route in December 2020 following the UK's exit from the European Union, which ended European free movement rights. Its aims were to deliver a fair and flexible visa system which enables the UK to attract the skills it needs and support wider plans for economic growth. The government aimed to support employers to recruit skilled workers from overseas, alongside wider initiatives to encourage them to train and invest in the UK's workforce. The route allows UK employers to sponsor overseas workers in eligible roles, provided the salary exceeds a minimum threshold. It also allows some visa holders to bring their family members, enabling them to live and work in the UK. The government can flex entry requirements to respond to changes in government policy and economic needs.

2   The number of people applying for Skilled Worker visas has increased significantly, from 127,300 in 2021 to 256,300 in 2024, with a peak of 509,100 in 2023.[1] This has been driven by increased Health and Care Worker visa applications – from 65,600 in 2021 to a peak of 383,700 in 2023 – after the government changed immigration rules for the sector in 2022. The cost of running the Skilled Worker visa system was around £109 million in 2023-24. In the same year, The Home Office generated an income of approximately £438 million from Skilled Worker visas. It is able to use this income to fund all areas of its work on immigration.

3   The Home Office is responsible for immigration policy, including controlling immigration, and considering applications to enter the UK. Its UK Visas and Immigration Directorate is responsible for managing the Skilled Worker visa system, making decisions on applications and ensuring people and employers remain compliant with visa requirements. Responsibility for designing immigration rules and addressing non-compliance is spread across the department.

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1   As the route was introduced in 2020, the extent to which application numbers were impacted by the COVID-19 pandemic is not clear.

Focus of our report

4   This report examines how the Home Office manages the Skilled Worker visa route. We assessed whether the Home Office:

- has as an effective approach to adjusting the entry requirements to respond to changes in government policy and economic needs (Part Two); and

- is effectively monitoring and managing the performance of the system (Part Three).

5   The report recognises that the Home Office must manage competing priorities from the government's immigration policy and skills agenda. We examined the Home Office's approach to making changes to the route, assessing its processes, use of evidence, and engagement with other government departments. We focused on the Home Office's approach to understanding the consequences of changes to entry requirements, in terms of how the route was operating and the potential impacts. Our assessment of the Home Office's management of the route focused on its performance in providing good customer service and effectively tackling non-compliance, including its mechanisms for strengthening its approach. Details of our audit approach are set out in Appendix One.

Key findings

The Home Office's stewardship of the Skilled Worker visa route

6   **The Skilled Worker visa route is designed to offer flexibility to respond to changes in government policy and economic needs.** In 2020, the government introduced the Skilled Worker visa route to mitigate the impacts of EU Exit on the labour market and attract skilled workers to the UK. It aimed to enable employers to recruit the skills they need as part of the government's objective to create a high skill economy. Since then, the Home Office has adjusted entry requirements to respond to government policy on immigration and changing economic needs. For example, in 2022, it eased entry requirements for care workers to help the sector address skill shortages and the increased demands created by the COVID-19 pandemic. In March 2024, the Home Office tightened entry requirements in response to the government's intention to reduce net migration (paragraphs 2.1 to 2.3).

7   Changes to the Skilled Worker visa route have not always been based on a full assessment of potential impacts. When considering entry requirements, the Home Office must balance government immigration policy with the route's objective to enable employers across different sectors to recruit the skills they need. Ultimately, changes to immigration rules are subject to collective government agreement. In considering potential changes to the Skilled Worker visa route, the Home Office has engaged with other departments and, in particular, worked collaboratively with the Department of Health and Social Care on the social care sector. It has drawn on evidence from the Migration Advisory Committee and has forecast the effects on migration flows and economic impacts. However, it did not produce an impact assessment before changing the rules on care workers in 2022 and the Migration Advisory Committee has not always had sufficient time to undertake a full analysis of the use of the route. Further, the Spring 2024 changes to reduce the use of the route were made with more limited consultation or analysis of the potential consequences for different sectors or types of business (paragraphs 2.4 to 2.10).

8   The Home Office does not have a full understanding of how the Skilled Worker visa route is operating. More people are using the Skilled Worker visa route than the Home Office anticipated in 2020. It forecast that it would issue 360,000 Skilled Worker visas to people entering the country over the first three years but has issued 931,000 visas over this period. This has brought benefits. In December 2024, the Migration Advisory Committee conducted analysis which suggests that, on average, migrants on Skilled Worker visas have a positive net fiscal impact on government finances. However, the higher-than-anticipated use of the route also has consequences, such as an 80% increase in people staying permanently in the UK in 2024, compared with 2021; a 360% increase in the number of family members (dependants) entering the UK annually, from 55,200 in 2021 to 254,100 in 2023; and the number of people claiming asylum after entering the UK on a Skilled Worker visa rising from 53 in 2022 to 5,300 in 2024.[2] The Home Office reviewed the use of the route in 2022 but has not assessed the impact of changes to entry requirements or evaluated the route since its expansion to include care workers. As a result, it does not fully understand how the route is being used, its contribution to the economy, or impacts on skill shortages across different sectors and regions. Further, it does not monitor what happens to people at the end of their visa period. The Home Office has commissioned an evaluation of the route, which will report in 2025 (paragraphs 2.11 to 2.14).

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2   After five years, Skilled Worker visa holders can apply to settle permanently in the UK.

9   The Home Office and other departments have not always collaborated effectively on the role that immigration plays across different sectors.
The Home Office's increased focus on tackling non-compliance and controlling migration has led to 252,700 fewer Skilled Worker visa applications in 2024, compared with 2023, a 50% reduction. Employers in sectors such as IT, science and engineering professions, where salaries are traditionally higher, have continued to use the route to address skill shortages. However, higher salary thresholds have restricted use of the route in other sectors, including public sector vets, butchers working in abattoirs, construction and architecture. There are also marked regional variations, with the route used less in some regions, such as the North East. The government's original intention was for the recruitment of overseas workers to complement initiatives to grow the domestic labour market. However, there has been limited collaboration with departments on immigration and skills policies, although the Home Office told us this has been hampered by the maturity of labour market strategies. The health and social care sector continues to experience workforce shortages at a time that rule changes are reducing the potential to recruit internationally. Skills for Care projected that demand for social care posts will increase by 430,000 by 2035. However, following the Spring 2024 rule changes, the Home Office estimated the number of Health and Care Worker visas could reduce by 385,000 over 10 years (paragraphs 1.9, 2.15 to 2.18).

The Home Office's management of the route

Customer service

10   Since January 2023, the Home Office has processed 94% of 'straightforward' applications within its service standards but cases which require further information from the applicant are excluded. The Home Office balances processing applications quickly to help employers recruit people with conducting checks to test the genuineness of the application. Since 2023, the Home Office has processed 94% of 'straightforward' applications (970,200 cases) within service standards – slightly below its target of 98.5%.[3] However, it classifies applications as 'complex' when the applicant has not provided all the necessary information, or further checks are required. These cases are removed from processing targets. Since October 2021, it classified 18% of applications as 'complex' (330,300 cases), with the proportion rising as high as 31% in busy periods. In 2024, the Home Office improved its performance in processing sponsor licence applications, reducing the average time to 34 days – below its target of eight weeks. There is scope to improve processing efficiency by supporting caseworkers to get decisions right first time and strengthening feedback loops to tackle the root causes of failure demand (paragraphs 3.2 to 3.6).

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3   Service standards are to process out-of-country applications within three weeks and in-country applications within eight weeks, with the exception of Health and Care Worker visa applications which all have a three week target.

11   Applicants are generally satisfied with visa processing, but insufficient management information limits the Home Office's understanding of the service. The Home Office seeks feedback on its customer service from applicants. Since 2023, 86% have been satisfied with the application service, above the Home Office's target of 80%. The Home Office provides support to applicants and sponsors and engages with stakeholders to seek feedback. However, it has not made effective use of all management information to develop a full understanding of its customer service. For example, it does not analyse complaint actions and does not have good management information on the outcomes of administrative reviews. This limits its ability to understand the causes of problems and improve the service it offers. Stakeholders told us that the sponsor guidance is complicated and difficult to navigate, with limited support available for those who struggle (paragraphs 3.7 to 3.10).

12   The Home Office is making progress in modernising the Skilled Worker visa system although this is taking longer than expected. In 2020, the Home Office set out its vision of a quicker, digitised application process for visa applicants, including extending its IT caseworking system to process Skilled Worker visa applications and making improvements to the sponsorship system. It has implemented changes to streamline visa systems for people entering the UK, such as the introduction of eVisas. However, its planned transformation of the sponsorship system on the Skilled Worker visa route has been delayed, with the replacement of the existing system extended from 2023 to 2028 and decommissioning of the old IT system delayed by a year. The Home Office also needs to address operational issues with the IT system used for processing applications and make further changes to provide full functionality and management information. The Home Office told us that, with finite digital resources, it prioritised demands to implement other visa transformation programmes and introduce new visas, such as the Ukraine resettlement scheme and the High Potential Individual route (paragraphs 3.11 to 3.14).

Tackling non-compliance

13   The Home Office was initially slow to respond to the risks associated with the Skilled Worker visa route but has strengthened its approach. The Home Office did not conduct a thorough risk assessment when the route was introduced and was not prepared to manage the increased risks when care workers were added in 2022. It has since enhanced its approach to tackling non-compliance with visa and sponsorship conditions. It has started digital audits; established a Risk Hub to centralise risk identification; and introduced new checks to identify and target high-risk cases, and technology to check suspicious payments. It has also diversified and increased compliance work, referring 1,257 cases for compliance checks in the first 11 months of 2024, compared with 647 in 2023 and 122 in 2022. As a result, the approval rate on applications has reduced from 99% in 2021 to 79% in 2024 and the refusal rate has risen from 7% to 13% on sponsor licence applications. The Home Office revoked 1,494 sponsor licences in 2024, compared with 337 in 2023 and 273 in 2022. However, despite increased compliance work, resource constraints have meant that just 1% of sponsors have been referred for compliance checks, with over half of live cases awaiting a compliance visit (paragraphs 3.15 to 3.20).

14   The Home Office does not have all the data it needs to address non-compliance risks. In 2024 it published a new compliance strategy, focusing on risk identification and intelligence. However, it has not yet developed a systematic assessment of risks and has limited data on the extent of workplace exploitation and sponsor compliance with requirements of the route. We identified the potential to make better use of data to help understand and manage risks.

- There are limited data on the outcomes of compliance activity which makes it difficult to assess the relative effectiveness of different types of compliance work.

- There is scope to strengthen checks on applications by better data sharing with other departments such as HMRC.

- There are limited data on people who remain in the UK after their visa expires, including what happens to people who do not continue working in the role they were sponsored for, and those who stop engaging with the Home Office (paragraphs 2.13, 3.21 to 3.22).

15   The government's approach to tackling the risks of migrant exploitation is not joined up. There is widespread evidence of exploitation in the social care sector, with increasing concerns about debt bondage, long working hours and exploitative conditions. There are no robust data on the extent of abuse. The Home Office is responsible for enforcing immigration rules and anti-slavery legislation, but other government bodies are responsible for regulating labour markets and tackling exploitation. The Public Accounts Committee has also recommended that the Department of Health and Social Care lead the sector in addressing the risks associated with international recruitment. There is insufficient clarity on respective responsibilities, including sector regulators and local government, which means that enforcement and safeguarding activity is fragmented. For example, despite efforts to improve communication, local authorities are not always aware when sponsor licences have been revoked, leaving people to remain in the UK without a valid visa. The Gangmasters and Labour Abuse Authority has estimated that 34,000 people in the care sector have been affected by the Home Office revoking sponsor licences (paragraphs 3.23 to 3.26).

Conclusion on value for money

16   The Skilled Worker visa route is a flexible mechanism which allows the government to adjust entry requirements to balance immigration policy with the need to address skill shortages in the UK. While the route continues to support many employers in recruiting overseas workers, the Home Office has made changes without a detailed understanding of potential impacts across different sectors and regions. Further, the Home Office and departments have not collaborated effectively on the role that immigration plays across different sectors of the labour market. In terms of managing the visa system, the Home Office has processed large volumes of applications effectively and has strengthened its approach to tackling non-compliance risks. But it could make better use of data to understand the implications of changes to the route and manage the consequences, both to improve customer experience and prevent visa applicants from being exploited. Without this understanding, the Home Office cannot be confident it is achieving value for money from its management of the Skilled Worker visa route.

Recommendations

17 In 2025, the government intends to publish an Immigration white paper, including plans to reduce migration. It also announced that it will consider how to flex the visa system to continue to attract highly skilled workers to the UK to support economic growth. The government is seeking to link immigration and skills policies through the Migration Advisory Committee, Skills England, the Industrial Strategy Council and the Labour Market Advisory Board working together. Our recommendations are intended to help the Home Office strengthen its stewardship of the Skilled Worker visa system to support a coherent approach. Other departments also have a role to play in developing sector-based skills strategies and providing evidence on the impacts of changes.

18 The Home Office should:

a in the next six months, work with the Migration Advisory Committee, Skills England, the Industrial Strategy Council and Labour Market Advisory Board to establish an agreed methodological approach to better understand the role that immigration can play in addressing skills shortages across different sectors of the labour market. This should identify the data that are needed, how they will be collected, processed and brought together, and how the insights will be used to inform future changes to visa entry requirements so they are based on a thorough understanding of the potential impacts on labour markets and the risks posed by exploitation;

b improve its understanding of the extent to which the Skilled Worker visa route is meeting its objectives by:

- completing and publishing its evaluation of the Skilled Worker visa route within the next three months;

- complete an assessment of what happens to people at the end of their visa period by the end of 2025, five years after the route was introduced; and

- identify the data it needs – including from other departments – to allow it to better understand how the route is being used on an ongoing basis;

c improve efficiency and customer service by using an analysis of its existing management information on operational performance, including from customer surveys, contacts, complaints and appeals, to produce a service improvement plan that identifies service issues, actions to resolve them, and creates a new dashboard to provide a more complete view of service quality from a customer perspective – this might include devising a way to improve how customers are kept informed throughout the application process;

d strengthen its approach to tackling non-compliance with visa conditions and potential labour market abuses by:

- explicitly evaluating non-compliance risks when considering any expansion of the Skilled Worker visa route to include new occupations;

- reviewing sector-specific risk assessments every six months to develop and refresh its understanding of evolving non-compliance risks; and

- evaluating the effectiveness of different types of compliance interventions;

e before the end of 2025, work with relevant government agencies and stakeholders to establish new working arrangements to develop a more effective joined-up approach to tackling exploitation of visa holders. Specifically, these should:

- identify ways to improve communication with overseas applicants to ensure that they have the necessary information on and support with the Skilled Worker visa route;

- review data-sharing arrangements with local authorities and HM Revenue & Customs to identify the refinements necessary to improve its ability to identify potential labour market abuses and improve safeguarding for people whose status is jeopardised by the cancellation of sponsor licences; and

- establish ways of working with the Fair Work Agency to improve labour market standards for migrants on Skilled Worker visas.