

United Kingdom

4th

UK's rank in the world, in terms of the quality of entrepreneurship & entrepreneurial ecosystem. (Ács 2017)

26%

Of UK students currently run or plan to run a business while they attend university. (Santander 2018)

The United Kingdom offers a variety of options for international talent to start businesses in the UK, including five different visa programs. ([UK Government n.d.](#)) While the UK is home to some of the greatest entrepreneurial thinkers and leaders, there are significant challenges youth face in trying to start businesses in the UK. There are very few institutions that support entrepreneurs that may not have the credit scores or collateral favourable by the major banks, and no formal institutions across the country that serve the same purpose of advancing youth entrepreneurship. In combination with Britain's withdrawal from the European Union, many entrepreneurs feel uncertain about their prospects, with trade and labour regulations inevitably changing the way they can operate, both locally and internationally. ([Global Entrepreneurship Monitor Bulgaria 2016](#)).

G20 YEA recommendations

1. The immigration process and rules should be grounded by clearly stated principles and values that reflect the UK's values and goals. Moreover, any use of quotas or targets should be evidence-based and reflect the varying types of migration.
2. Removal or relaxation of capital requirements for young entrepreneurs will help the Tier 1 (Entrepreneur) visa to better align with the requirements set out in the Tier 1 (Graduate Entrepreneur) and Tier 5 Youth Mobility Scheme.
3. It is advisable for the UK government to solicit the help of industry bodies and G20 partners, much like the Tier 1 (Exceptional Talent) visa program.
4. Post-arrival and renewal criteria should be extended to account for the lead-up time necessary for young entrepreneurs to bring their business from an idea to a viable venture. Performance milestones should be realistic and reflect broader national goals.
5. The UK government should integrate entrepreneurial immigration policy with existing start-up networks, much like the Sirius Programme Entrepreneurs visa.

Visa programs currently available

There are a few different ways to come to the UK as an entrepreneur and also some other unique opportunities to explore.

Tier 1: Entrepreneur Visa

Fee: £1,021 application fee (Apply outside the UK) and £200/year healthcare surcharge fee (not including additional fees associated with select countries or expedited processing).

Duration: Maximum of three years and four months, but can be extended with an option for Indefinite Leave to Remain (ILR) after five years.

Cap: Not currently capped or limited.

Eligibility:

- Funds:
 - Applicants have access to at least £50,000 investment funds from a UK entrepreneurial seed funding competition, a UK government department or a registered venture capital firm. These funds must be held in one or more regulated financial institution, and must be free to spend (disposable) on business in the UK; and/or
 - Applicants have access to £200,000 in investment funds in which they will need to prove if it is their own, and/or provided by friend/family or an investor. These funds must be held in the UK. Applicants can also apply if they have invested £200,000 in a UK business within a 12-month period immediately before applying.
- Must have a genuine and credible business plan;
- Must meet the English language requirement;
- Be able to support themselves during their stay, which requires the applicant to show that he or she has £3,310 in personal savings, and that he or she has maintained the savings at this level for at least 90 days before applying;
- Be at least 16 years of age; and
- Subject to a tuberculosis test and criminal background checks.

Tier 1: Graduate Entrepreneur Visa (UK higher education institution endorsement)

Fee: £363 application fee (apply outside the UK); £493 (Extend or switch in the UK); and £150/year healthcare surcharge fee (not including additional fees for expedited processing).

Duration: One year with option to renew for a further year. At the conclusion of this two-year period, the Graduate Entrepreneur can apply for a Tier 1 Entrepreneur Visa.

Cap: This programme is capped at 1,900 places per year.

Eligibility:

- Applicants can apply for this visa if they are a graduate from a UK university and has received an official endorsement by a UK higher education institution as having a genuine and credible business idea.
- Applicants must be able to support themselves during the duration of their stay, which requires the applicant to show that they have £1,890 (if applying outside the UK) or £945 (if applying in the UK in personal savings, and that they have maintained their savings at this level for at least 90 days before applying.
- Must meet the English language requirement.
- Applicants will be subject to tuberculosis testing.

Tier 1: Graduate Entrepreneur Visa (Department of International Trade endorsement via the Sirius programme)

Summary: The **Sirius Programme** is the UK's support programme for graduate entrepreneur teams from around the world looking to start their venture in the UK.

This programme offers a full support package to enable promising entrepreneur teams with new ideas that have real growth potential to maximize their chances of success.

Package of support includes:

- Seed funding: a fixed sum for every company accepted into the programme
- Training: including full pre-acceleration and acceleration stages
- Mentoring: from experienced entrepreneurs and investors
- Office accommodation: at one of 12 locations across the UK relevant to the businesses selected

Eligibility:

- Applicants can apply for this visa if they are a graduate from a non-UK university, and has officially been endorsed by the UK Department for International Trade, as having a genuine and credible business idea.
- Applicants must be able to support themselves during the duration of their stay, proving they have £1,890 (if applying outside the UK) or £945 (if applying in the UK) in personal savings. The applicant must have maintained their savings at this level for at least 90 days before applying.
- Must meet the English language requirement.
- Applicants will be subject to tuberculosis testing.

Fee: £363 (if applying outside the UK); £493 (extending or switching in the UK); and £150/year healthcare surcharge fee (not including additional fees for expedited processing).

Duration: One year with an option to renew for a further one-year period. At the conclusion of this two-year period, the Graduate Entrepreneur can apply for a Tier 1 Entrepreneur Visa.

Cap: This programme is capped at 100 places per year.

Tier 1: Exceptional Talent Visa

Summary: This route allows exceptional individuals in the fields of science, humanities, medicine, digital technology and the arts, to come to the UK to work in employment or self-employment. Applicants can apply for a Tier 1 (Exceptional Talent) Visa if the relevant Designated Competent Body (DCB) for the applicant's field of expertise has endorsed them as either:

- A recognized leader (exceptional talent); or
- An emerging leader (exceptional promise).

Eligibility: Each DCB has its own specific criteria, however generally speaking the individual must be a true leader, or future leader in their field, evidenced by, for example, winning a prestigious internationally-recognized prize, or being awarded a fellowship.

Fee: £608 application fee and £200/year healthcare surcharge fee (not including additional fees for expedited processing).

Duration: Five years.

Cap: This programme is capped at 2,000 places per year, of which each DCB being allocated a certain number of spots.

Tier 5: Youth Mobility Scheme

Summary: This route allows individuals of certain nationalities to live and work in the UK for up to two years. The qualifying nationalities are based on reciprocal arrangements with Australia, Canada, Japan, Monaco, New Zealand, Hong Kong, Korea and Taiwan.

Eligibility:

- Applicants must hold a passport of one of the qualifying countries.
- Applicants must be aged 18 to 30.
- Applicants are able to support themselves during the duration of their stay, which requires the applicant to show that they have £1,890 (if applying outside the UK) in personal savings at the time of applying.
- Applicants must not have any children who live with them, or who are financially dependent.

With this visa, you can:

- Study: for some courses you'll need an Academic Technology Approval Scheme certificate.
- Work in most jobs.
- Be self-employed and set up a company - as long as the applicants' premises are rented, the equipment is not worth more than £5,000 and they don't have any employees.

Fee: £235 application fee and £150/year healthcare surcharge fee (not including additional fees for expedited processing).

Duration: Two years.

Cap: Each nationality has a separate cap that varies greatly, i.e., there is a cap of 1,000 for Hong Kong passport holders, 6,000 for Canadians and 34,000 for Australians.

Spotlight on young migrant entrepreneurs



Dhruv Krishnaraj,
Co-Founder,
[Student Circus](#)

[Tell us how you ended up in the United Kingdom and how you started Student Circus?](#)

I came to the UK as an international student on the Student Visa (Tier 4), and during my studies, I came up with a business idea. My university (The University of Bristol) has a great Entrepreneurship Team, which, after a rigorous selection process, offered to sponsor me for the Entrepreneur Visa (Tier 1 Graduate Entrepreneur).

[Describe your experience navigating the visa system in the United Kingdom. What would be one major recommendation you have to make the process easier?](#)

The UK has a very thorough visa system. They want to ensure that only genuine and deserving candidates are selected, but the renewal process is a bit trickier. For example, I currently have a Tier 1 Graduate Entrepreneur Visa, which is only valid for two years. After which, I will need to switch visa categories. However, a new business requires two to three years, at minimum, to be set-up and established. The focus of entrepreneurs should be on their business. This constant worry of visa issues may affect the growth of their company. Lastly, this visa does not contribute towards the time spent for the ILR (Indefinite Leave to Remain/Residency).

Thus, I would recommend the government reconsider this. For any entrepreneur who is setting up a new venture, a longer duration visa that counts towards their IRL is required. This is because an entrepreneur is not only setting up his or her business, but also setting up a life in a new country and environment.

Lessons Learned and Best Practices – A Critical Analysis

Immigration is a crucial policy area for the UK Government. (House of Commons Home Affairs Committee 2018). The combination of the impending Brexit, calls for international humanitarian aid, and post-2008/2009 economic recovery, has left immigration a rather divisive issue in the UK. Yet, this unrest yields a unique opportunity for the UK to reimagine their immigration system.

Administration process

The application process for UK visas is generally regarded by applicants as straightforward, with easily accessible documentation. (Nathan, Rolfe and Vargas-Silva 2013) Yet, the public still often perceives the immigration policy to be overly complex. (House of Commons Home Affairs Committee 2018) As the Home Affairs Committee remarked, complexity not only hinders those trying to engage with the system but it also makes it difficult for the public to buy into a system that they do not fully understand.

A continuing issue is the formulaic decision-making process whereby simple misunderstandings and omissions of documents lead to a refusal and the applicant needing to pay to apply again. Additionally, Tier 1 (Entrepreneur) Visa applications may be cost prohibitive for young entrepreneurs, particularly when additional costs are considered, such as healthcare surplus, application fees for dependants and legal fees. Application fees are noticeably lower in other visa categories, suggesting there may be ways to reduce the cost of the Tier 1 (Entrepreneur) Visa application.

An application decision takes approximately eight weeks to process. However, with reports of overburdened resources, the current system may be prone to errors, delays and poor decisions. (House of Commons Home Affairs Committee 2018) This collectively results in “prolonged uncertainty”, thus potentially restricting business growth. Moreover, with the inherent cost of appeals and resubmission, delays can prove to be too costly for young entrepreneurs. Similarly, the renewal application process may be problematic, as applicants are often required to part with their passport for numerous weeks, limiting their ability to travel for business purposes. (Nathan, Rolfe and Vargas-Silva 2013)

Finally, in efforts to manage the overall number of migrants coming into the UK, the government has set a target of reducing net migration from the hundreds of thousands to the tens of thousands. While the net migration target is not a quota, per se, it is a tool that incentivizes the government to drive immigration rates down. (Griffith and Morris 2017) A net migration target is particularly problematic, as it is a single, crude target that fails to capture the varying types of migration. As the Home Affairs Committee has identified, the current use of a net migration target encourages the treatment of all immigration as being the same, and thus spurring the polarization of the public debate and undermining public confidence in the system. (House of Commons Home Affairs Committee 2018)

Eligibility Criteria

The UK Entrepreneur Visa strategy reflects that of a points-based or human-capital-focused system; that is, it relies upon the merits of the applicant rather than endorsement. While this may be a more holistic approach, some of the imposed eligibility requirements can indirectly discriminate against young entrepreneurs. The Tier 1 (Entrepreneur), for instance, requires £200,000 in investment funds (or £50,000 in investment funds from the UK government or registered venture capital firms or those endorsed by the Department for International Trade). However, Tier 1 (Entrepreneur) applicants are permitted to form “entrepreneurial teams” with one other individual and share the same investment funds, thus reducing the economic burden on a single individual. Capital requirements are noticeably relaxed for Tier 1 (Graduate Entrepreneur) Visas and Tier 5 Youth Mobility Scheme. This may be a further indication that the size of capital requirement set out in Tier 1 (Entrepreneur) Visa may not be necessary for young adults. While these alternative streams may avoid the capital requirements, Graduate Entrepreneur Visa is not a viable option for those who are not recent graduates, or do not have a university-level qualification.

Additionally, Tier 5 Youth Mobility Scheme is only available for select nationalities. The Youth Mobility Scheme also restricts certain entrepreneurial activities, including the ability to hire others, and property and equipment ownership.

Under the current scheme, visa holders are permitted to pursue any type of business that they please. In fact, Tier 1 (Entrepreneur) Visas do not require applicants to start a new business at all. Rather, they are permitted to take over an existing business. This gives entrepreneurs flexibility but at the expense of innovation. With little consultation by industry leaders, the Home Office determines the merits of each application, including the genuineness of the applicant to establish a business, the viability and credibility of the business plan. In contrast, the Tier 1 (Exceptional Talent) Visa enlists recognized industry bodies to determine whether the applicant is as a recognized leader (exceptional talent) or an emerging leader (exceptional promise) in field in science, humanities, engineering, medicine, digital technology or the arts. Unfortunately, this visa is reserved for a selective population (only 2,000 visas are available annually).

Renewal Criteria

Young entrepreneurs in the UK benefit from a clearly laid out legal, tax, and financial system. While the process to register a business in the UK is simple, young entrepreneurs may struggle to meet the requirement of registering their business within the first six months. (Nathan, Rolfe and Vargas-Silva 2013)

Unlike other entrepreneur visas, Tier 1 (Entrepreneur) Visa holders are permitted to stay in the UK for at least a two-year period. Following which, they can seek a three-year extension, provided they have created two or more full-time jobs for at least 12 months. This job creation requirement may be problematic as it does not adequately consider the ramp-up time required for young entrepreneurs to get settled in a new country, start a business and generate a sufficient need to hire employees. Job creation requirements also do little to improve the quality of domestic employment. As recommended by the Home Affairs Committee, immigration policy for work purposes should be focused on improving domestic skills and training. (Nathan, Rolfe and Vargas-Silva 2013) Furthermore, job creation is not the only means of evaluating progress, as evidenced by the Tier 1 (Graduate Entrepreneur) Visa, where entrepreneurs are permitted a one-year extension, only if a UK higher education institute or the Department for International Trade provides a new endorsement letter confirming that the applicant has made satisfactory progress in developing their business. The Tier 1 (Graduate Entrepreneur) Visa is not a long-term alternative though, as one year with an option to extend for an additional year is not enough time to develop a business. Additionally, Tier 1 (Graduate Entrepreneur) Visas do not permit entrepreneurs to settle in the UK. Visa holders must switch to another form of visa, such as the Tier 1 (Entrepreneur) Visa.

One significant advantage of the UK immigration policy is that it permits Tier 1 visa holders to bring family members along with them. Dependant family members are also permitted to work whilst in the UK, though this right is not extended to Tier 1 (Entrepreneur) Visa holders. This may make it difficult for resource-limited young entrepreneurs to grow their business while maintaining adequate support.

Mentorship and Enforcement

The UK is home to world-renowned education institutions and a comprehensive start-up ecosystem. As such, there are numerous avenues to access informal support networks. In general, there is no formal mentorship strategy integrated into the immigration policy. The Sirius Programme is an exception, as it provides 20-40 businesses a year with a package of support that includes 30 days of dedicated accelerator training and mentorship. Participants also attend an orientation to London, dedicated points of contact for support on arrival, help setting up a business bank account, and access to national events. (Sirius Programme 2018)

Accurate data collection is vital for effective policy-making and public confidence building. Yet, official sources of data do not appropriately capture the migration flows in the UK. (House of Commons Home Affairs Committee 2018) Currently, entry and exit checks are only completed for those arriving and departing the UK via certain ports. (House of Commons Home Affairs Committee 2018) There is no formal data collection that assesses the experience and progress of entrepreneurs on a visa. The lack of comprehensive data examining the relationship between immigration and the labour market is particularly problematic for the UK government, as it now “lacks the data from which to build an effective post-Brexit immigration policy”. (House of Commons Home Affairs Committee 2018) While the lack of data poses as a significant challenge for the UK government as they move to build an effective post-Brexit immigration policy, it highlights a lesson learned for the policy moving forward.

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