

Innovator & Start-up
– solutions for business leaders

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Start-up & Innovator – new Appendix W

Start-up	Innovator
Seeking to establish a business in the UK for first time	More experienced business people seeking to establish a business in the UK
Innovative, viable, scalable business idea, supported by an Endorsing Body (EB)	Innovative, viable, scalable business idea supported by an EB
No funding required	£50,000 funding required (some exceptions)
2 year grant – no extension	3 year grant – extendable in 3 year increments
No ILR (but may progress to innovator)	ILR possible (after minimum 3 years)

Start-up/Innovator - endorsement concept

- *“Endorsement is based on the principle that it is you [endorsing body], rather than the Home Office, who are best placed to assess and identify innovative business ideas and talent”*
- *“You will have your own measures of what makes a good business idea, and the freedom to apply these criteria as you think best”*
- *“It is up to you as endorsing bodies to decide how you wish to market your involvement in the categories and what types of business ideas you wish to endorse”.*
- *“You may decide whether to accept open applications or to only issue endorsements to business founders you are already working with through your existing activities. If you choose to accept open applications, we recommend that you set out clearly any parameters you wish to apply on the types of business you will endorse”*

Start-up/Innovator – endorsing body

To be eligible to be an EB the organisation must be **either**:

- (Start-up only) a UK higher education institution which:
 - is a higher education provider with a track record of compliance
 - has established processes for identifying, nurturing and developing entrepreneurs among its undergraduate and postgraduate population.

OR

- (Start-up or Innovator) an organisation which has:
 - proven track record of supporting UK entrepreneurs, including resident workers (or it is a new organisation set up for this purpose by another body which has its own such record); and
 - support from a UK or devolved government department (either a core department led by a minister or a regionally-devolved authority led by a directly-elected mayor) for request to become an EB as being clearly linked to the department's policy objectives.

AND....

Start-up/Innovator – endorsing body

- able to competently assess applicants' business ventures against endorsement criteria set in Appendix W.
- agree to **all** of following responsibilities:
 - stay in contact with endorsees at checkpoints 6 and 12 (and 24 for Innovator) months after application granted
 - inform Home Office if, at checkpoints, **both** of the following apply:
 - individual has **not** made reasonable progress with original business venture
 - individual is **not** pursuing a new business venture that also meets the endorsement criteria
 - inform Home Office if applicant misses any checkpoints without EB's authorisation
 - withdraw endorsement if either of above applies, unless aware of exceptional and compelling reasons not to withdraw, and informs Home Office of those reasons
 - inform Home Office if any reason to believe endorsee breaches any conditions.
- must not be connected to past/present abuse of immigration system.

Start-up/Innovator – credibility assessment

Decision maker:

- must be satisfied:
 - applicant genuinely intends, and capable of undertaking, any work/business activity in UK stated in application
 - applicant does not intend to work in UK in breach of conditions
 - any money applicant claims to be available is genuinely available as described, and applicant intends to use for purposes described in application.
- will take into account endorsement, and may take into account:
 - evidence submitted and its credibility
 - previous educational, work and immigration history
 - declarations made to other government departments regarding applicant's previous employment and other activity in UK
 - any other relevant information
- may request additional information/evidence from applicant or EB - must be received at specified address within 20 working days of date of request.
- may ask applicant to attend interview. If fails to attend without providing reasonable explanation, may decide on the info/evidence already provided.
- may decide not to carry out credibility assessment if falls for refusal on other grounds - reserve right to carry out assessment in any reconsideration.

Start-up/Innovator – general requirements

- Aged 18+
- English language - B2
- Maintenance - £945 (EB can certify)
- Switching:
 - Start-up: Tier 1 (Graduate Entrepreneur), Tier 2, Tier 4 (General)
 - Innovator: Start-up, Tier 1 (Graduate Entrepreneur), Tier 1 (Entrepreneur), Tier 2, Prospective Entrepreneur visitor
- Endorsement from EB
 - will spend *majority* (Start-up) or *entire* (Innovator) of working time in UK on developing business ventures
 - Start-up: not previously established a business in UK which has commenced trading (unless last grant as Start-up/Tier 1 (Graduate Entrepreneur)/T4 DES)
 - Meets the relevant endorsement criteria

Start-up – endorsement criteria

Innovation	Genuine, original business plan that meets new or existing market needs and/or creates a competitive advantage
Viability	Applicant has, <i>or is actively developing</i> , necessary skills, knowledge, experience and market awareness to successfully run the business
Scalability	There is evidence of structured planning and of potential for job creation and growth into national markets

Start-up – endorsement criteria

‘Suggested questions’ (EB guidance)

Innovation	Viability	Scalability
Is the business offering something more than merely competing with similar local traders?	Is there evidence of market research?	Is the business likely to gain sufficient traction?
Is there a need for the business in the UK market that is not already being fulfilled?	Does the applicant have realistic, sustainable, product goals?	Is it a business with a potential for growth?
Is the idea bringing something new to the pre-existing UK/global business market?	Is there a long-term plan for the business?	Would this business successfully scale to be a part of the national market?

Innovator – endorsement criteria (new bus.)

Innovation	Genuine, original business plan that meets new or existing market needs and/or creates a competitive advantage
Viability	Applicant <i>has</i> necessary skills, knowledge, experience and market awareness to successfully run the business
Scalability	There is evidence of structured planning and of potential for job creation and growth into national <i>and international</i> markets

Innovator – funds (new business)

- At least £50,000 must be available to applicant to invest in their business (may include funds already invested)
- If other team members applying/hold leave as Innovator, cannot share same funds - must be at least £50,000 for **each**
- No evidence of investment funds needed *if* EB letter confirms:
 - EB providing funds
 - EB has verified funds are available from other sources (including applicant)
 - EB has verified funds have already been invested in applicant's business
- Otherwise prescribed evidence varies depending on source:
 - The applicant (held for at least 3 months)
 - UK organisation which employs at least 10 people
 - overseas organisation, or UK organisation which employs less than 10 people, or an individual

Innovator – endorsement criteria (same bus.)

Applicant has shown significant achievements, judged against the business plan assessed in previous endorsement.

Business is registered with Companies House and applicant is listed as a director or member

Business is active and trading.

Business appears to be sustainable for at least following 12 months, based on assets and expected income, weighed against current and planned expenses.

Applicant has demonstrated an active key role in the day-to-day management and development of the business.

Innovator – ILR endorsement criteria

Meets the ‘same business’ criteria, plus **at least two** of following:

At least £50,000 invested in business and actively spent furthering the business plan assessed in previous endorsement.

Number of customers has at least doubled within most recent 3 years and is currently higher than the mean number of customers for other UK businesses offering comparable main products/services.

Engaged in significant research and development activity and has applied for intellectual property protection in UK

Generated minimum annual gross revenue of £1 million in last full year covered by its accounts.

Generated minimum annual gross revenue of £500,000 in last full year covered by its accounts, with at least £100,000 from exporting overseas.

Created the equivalent of at least 10 full-time jobs for resident workers.

Created the equivalent of at least 5 full-time jobs for resident workers, with average salary of at least £25,000 a year (gross pay, excluding any expenses).

Start-up & Innovator – conditions & curtailment

- Work
 - no employment as a doctor or dentist in training
 - no employment as a professional sportsperson (including as a sports coach)
 - Innovator only: no employment other than working for the business(es) the applicant has *established*
- Leave may be curtailed if:
 - EB withdraws its endorsement of a migrant or
 - EB loses its status as an EB for the relevant category
 - supplementary to Part 9 (mandatory and discretionary)

Tier 1 Entrepreneur – cut-off dates

Application	Standard	Previous Graduate Entrepreneur
Initial	28 March 2019	5 July 2021
Extension	5 April 2023	5 July 2025
ILR	5 April 2025	5 July 2027

Tier 1 (Entrepreneur)

- £200,000/£50,000, own or third party money
- Genuineness test
- English language
- Maintenance
- Register as director/self-employed in UK within 6 months
- Invest whole of £200k/£50k into UK business(es)
- Create 2+ new full-time jobs for settled workers, 12 months each
- Entrepreneurial pair (2 principals) may use the same funds
- Restrictions on employment – own business only
- 5 year route to ILR - accelerated ILR 3 years (£5 million turnover or 10 jobs)
- Replaced by new Innovator category

Tier 1 (Investor)

- £2 million
 - own money;
 - under own control;
 - held in regulated financial institution
 - transferrable to/disposable in UK
- Account with UK regulated bank for the purposes of the investment
- Within 3 months, invest in share/loan capital in active trading UK registered companies
- No English requirement
- No maintenance requirement
- Able to work and study
- ILR in 5 years (£2 million); 3 years (£5 million); 2 years (£10 million)

Tier 1 (Exceptional Talent)

- Internationally recognised as world leaders in field or exceptional promise
- Endorsement from designated competent body (2,000 annual limit):
 - Arts Council England (for arts, culture, fashion, architecture, film and television)
 - Royal Society (for natural sciences and medical research)
 - Royal Academy of Engineering (for engineering)
 - British Academy (for humanities and social sciences)
 - Tech Nation UK (for digital technology)
- No English requirement
- No maintenance requirement
- Granted for up to 5 years (can choose lesser period)
- Extension - earnings from work in field
- ILR after 5 years for promise, 3 years for talent

Tier 2 sponsorship

- Sponsor licence required
- Sponsor duties (tracking/monitoring, record keeping/reporting)
- Tier 2 (General) - max 6 years, ILR possible after 5 years.
- Tier 2 (ICT) - max 5 or 9 years, no ILR
- Genuine vacancy
- Skill level NQF6
- Minimum salary (category and occupation)
- Resident Labour Market Test (exceptions inc high earner - £159,600)
- Restrictions on shareholding (exceptions)
- English language (not ICT)
- Maintenance
- Costs – IHS, ISC, filing fees etc
- 12 month 'cooling off' (exclusion) period

Sole representative

- No UK branch/subsidiary/representative
- Recruited outside UK
- Authority for operational decisions
- Not majority shareholder
- Full-time employee in the UK
- No other work in UK
- Operations remain centred outside UK
- Will establish wholly owned subsidiary or branch
- ILR possible after 5 years

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