

GMS Flash Alert

Immigration Edition

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United Kingdom - Visa and Immigration Health Surcharge Fees to Increase

As part of the public sector pay debate on 13 July, the U.K. government announced that it had accepted the recommendations of the independent pay review bodies, including the proposal to increase visa and Immigration Health Surcharge fees (IHS).¹ The significant visa fee increases aim to raise £1 billion to fund the pay raise for public sector workers. John Glen, the Chief Secretary to the Treasury, called it the most responsible way to balance the demands of the public sector workers and the needs of the economy.²

WHY THIS MATTERS

For employers that employ and recruit foreign nationals, this means an increase in fees for a number of immigration and nationality routes, including for people coming to the U.K. to live, work and study. The increase in visa fees will range between 15-20 percent, depending on the visa category with accompanying increases to the IHS.

Employers who employ foreign nationals, as a priority, should assess the impact of the increase in fees on recruitment, talent and retention policies from a cost and budgeting perspective.

Further Details

Although a date for the implementation of the new fees has not been confirmed, the increases will include the following:

- For the first time in three years, the IHS fee will see an increase in the main rate from £624 to £1,035 per year per applicant; and the discounted rate for students, Youth Mobility Visas, and “under 18s” will increase from £470 to £776 per year.
- Work visa and visit visa fees will increase by 15 percent.

- Fees for study visas, Certificates of Sponsorship, Settlement, Citizenship, Leave to Remain and other categories will see an increase of at least 20 percent.
 - There will be an equalisation of costs for students and those using a priority service so that applicants pay the same irrespective of whether they apply from within or from outside the U.K. It should be noted that currently it is cheaper to apply for some visa categories from within the U.K. than outside the country.
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KPMG INSIGHTS

Although no announcement has been made on the timing of the increases, it would be prudent for employers to assess the impact on budgeting for the next financial year. This could include considering whether the filing of immigration applications can be accelerated to take advantage of the current fees and revisiting any forward planning budget assessments to consider the upcoming increases and reduce the risk of under-budgeting.

From a long-term strategic planning perspective, employers may want to review the level of visa application support they provide when seeking to retain and recruit talent, to operate within budgeting constraints, and to support effective business restructuring and expansion planning.

FOOTNOTES:

- 1 See transcript of the debate, Hansard, Volume 736: debated on Thursday 13 July 2023, "[Public Sector Pay](#)."
- 2 Ibid.

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Contact us

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