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REVIEW PAPER

Revenue Generation and Migrant Precarity: An Economic Analysis of UK Immigration Policy (2020-2025)

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ABSTRACT

This journal offers an economic analysis of UK immigration policy from 2020 to 2025, a period marked by a significant post-Brexit rise in non-EU migrants (Home Office, 2025; ONS, 2025). It explores the developing policy framework, the notable economic contributions of migrants, and the considerable financial and human costs linked to the system (Home Office, 2025; Migration Observatory, 2025; OBR, 2025; Migration Policy Institute, 2025; Office for National Statistics, 2025; Royal College of Nursing, 2025; The Guardian, 2025). Key findings reveal record net migration, mainly driven by work and study routes, which bolstered the UK labour market and generated billions in revenue for the Exchequer through increased visa fees and the Immigration Health Surcharge (IHS) (Home Office, 2025; Migration Policy Institute, 2025; Parliament UK, 2025; The Guardian, 2025). However, this revenue has increased migrant precarity, imposing substantial financial burdens on individuals and making it harder for many to qualify for visas due to higher salary and skill thresholds (Home Office, 2025; Migration Policy Institute, 2025; Migration Observatory, 2025). The report also highlights widespread exploitation of overseas skilled workers, especially in the care sector, a problem worsened by visa conditions and the Home Office's documented complacency in tackling these abuses (Home Office, 2025; Migration Policy Institute, 2025; Royal College of Nursing, 2025). While migrants are vital to the UK economy and cultural fabric, the rapid pace of change and systemic failures have caused significant uncertainty and hardship (The Guardian, 2025; OBR, 2025; The Independent, 2025). Recommendations are provided for the UK government to improve policy stability, strengthen migrant protections, reconsider financial burdens, and invest in infrastructure, along with guidance for prospective migrants to navigate this complex landscape.

The period from 2020 to 2025 marked a profound transformation in the United Kingdom's immigration landscape, characterised by an unprecedented influx of migrants, primarily from non-European Union (EU) countries, following the implementation of the post-Brexit Points-Based System (Home Office, 2025; ONS, 2025). This report provides a comprehensive analysis of the economic and social impacts of these shifts, examining the intricate interplay of evolving policy, global aspirations, and the human consequences of frequent and often abrupt changes in immigration rules (Home Office, 2025; Migration Observatory, 2025; OBR, 2025; Migration Policy Institute, 2025; Office for National Statistics, 2025; Royal College of Nursing, 2025; The Guardian, 2025).

Official data showed a significant and sustained rise in net migration, reaching 906,000 in the year ending June 2023, a fourfold increase from pre-Brexit levels (Home Office, 2025). Although later policy tightening by both Conservative and Labour governments caused a decline in 2024, the figures remained well above historical averages (Migration Observatory, 2025; The Guardian, 2025). This surge was mainly driven by non-EU citizens arriving for work, especially in critical sectors like health and social care, and to study (Home Office, 2025; ONS, 2025).

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Economically, migrants have become an integral part of the UK labour market, making significant contributions to tax revenues and filling essential roles (ONS, 2025; OBR, 2025). However, challenges persist, including the underutilization of highly skilled migrant labour and the substantial financial burden imposed by high visa fees and the Immigration Health Surcharge (IHS) (ONS, 2025; Migration Policy Institute, 2025; Migration Observatory, 2025). This financial burden has translated into significant revenue generation for the Home Office, with billions of pounds collected from migrants navigating an increasingly precarious system (Migration Observatory, 2025).

Socially, the rapid increase in population has exerted considerable pressure on public services and housing, contributing to concerns about social cohesion (The Guardian, 2025; Migration Policy Institute, 2025). A critical human cost has been the widespread exploitation of migrant care workers, exacerbated by restrictive visa conditions and, notably, a degree of complacency from the Home Office in addressing these abuses (Home Office, 2025; Royal College of Nursing, 2025).

The report concludes with nuanced findings on the complex economic and social equilibrium of migration, highlighting the tension between the need for skilled labour and the public's desire for controlled immigration (The Guardian, 2025). Recommendations are provided for the UK government to establish a more stable, humane, and economically beneficial immigration system, along with guidance for prospective migrants navigating this dynamic environment.

HIGHLIGHTS

- **Record Net Migration:** The UK experienced an unprecedented increase in net migration, reaching 906,000 in the year ending June 2023, mainly due to non-EU citizens arriving for work and study.
- **Revenue versus precarity:** Although visa fees and the Immigration Health Surcharge (IHS) generated billions for the Exchequer, they placed significant financial burdens on migrants, heightening their vulnerability.
- **Sectoral Reliance & Exploitation:** There was a heavy dependence on migrant labour in the health and social care sectors, which was accompanied by documented exploitation of workers due to restrictive visa conditions.
- **Policy Volatility:** Frequent and sudden changes to immigration rules, such as increasing salary thresholds and the proposed extension of settlement periods from five to ten years, caused considerable uncertainty for migrants and employers.
- **Economic Contributions:** Migrants make significant fiscal contributions, with non-EU migrants alone paying about £4.6 billion more in taxes than they receive in public services.

Keywords: UK, Home Office, Immigration Health Surcharge, human costs, Parliament, Migrant Precarity, Revenue Generation, Points-Based System (PBS), Care Sector Exploitation, Net Migration Trends, Visa fees

Introduction: Context and Scope of UK Immigration (2020-2025)

Overview of the Post-Brexit Immigration Landscape

The years between 2020 and 2025 represent a pivotal era for UK immigration, fundamentally reshaped by the United Kingdom's departure from the European Union and the subsequent implementation of a new post-Brexit immigration system (Migration Observatory, 2025; The Guardian, 2025). This transition, which formally ended the principle of free movement with the EU, unexpectedly coincided with an unprecedented influx of migrants, particularly from non-EU countries, despite initial policy objectives aimed at achieving greater control over immigration flows (Home Office, 2025; ONS, 2025; Migration Observatory, 2025).

Official net migration figures during this period experienced significant and ongoing upward revisions, highlighting the inherent challenges in real-time data collection and the retrospective nature of official statistics (OBR, 2025; Migration Observatory, 2025). For example, the initial estimate for 2022 net migration, first reported at 606,000, was gradually revised upwards to a peak of 745,000, then 764,000, and ultimately reached 872,000 – a considerable 44% increase 18 months after the initial estimate (OBR, 2025; Migration Policy Institute, 2025; The Guardian, 2025). This pattern of substantial upward adjustments in official statistics exposes a critical systemic challenge within UK immigration policy: decision-makers are often reacting to data that is either outdated or imprecise (Migration Observatory, 2025). The Office for National Statistics (ONS) has acknowledged reliance on assumptions regarding how long migrants stay, which may be inaccurate as evolving policy changes influence migrant behaviour (Migration Observatory, 2025). This creates a significant delay between designing immigration policies and accurately assessing their real impact, making effective, real-time management of immigration flows particularly difficult and leading to the frequent, often sudden, policy adjustments seen during this period (Migration Observatory, 2025).

Net migration reached a record high of 906,000 in the year ending June 2023, representing a fourfold increase from the 224,000 recorded in June 2019 (Home Office, 2025; Migration Policy Institute, 2025; OBR, 2025). While a subsequent decline to 431,000 was observed in 2024 (Migration Observatory, 2025; The Guardian, 2025), this figure remained considerably higher than the 200,000-300,000 annual average observed throughout the 2010s (Migration Observatory, 2025; Home Office, 2025). This sustained elevation in migration levels, even after a decline from the peak, indicates a new baseline considerably above historical norms (Migration Observatory, 2025; Home Office, 2025).

Defining the Scope: Key Migrant Origins and Routes

This report examines migration from Africa, Asia, and the Caribbean, reflecting a significant shift in the central source countries for migrants to the UK following the Brexit referendum (Migration Observatory, 2025). Since January 2021, non-EU citizens have become the primary drivers of growth in the migrant workforce (Home Office, 2025; ONS, 2025), contrasting sharply with the negative EU net migration figure of -96,000 in 2024 (Migration Observatory, 2025). This demographic change is crucial for understanding both the evolving economic contributions and the specific social integration challenges that have arisen. In 2024, Indian nationals comprised the largest group of migrants to the UK, accounting for 17% of total immigration, followed by citizens from Pakistan and China, at 8% and 7%, respectively (ONS, 2025). This underscores the critical role of these regions in shaping the current UK migrant population.

The surge in non-EU migration was primarily driven by intensive recruitment into critical sectors, particularly health and care roles, as well as a high volume of student visas (Home Office, 2025; ONS, 2025; Migration Observatory, 2025). Data on visas granted peaked at approximately 1.4 million in the first quarter of 2023, with work and dependant visas showing continued growth throughout 2023 (Home Office, 2025; Migration Policy Institute, 2025). Conversely, student visa grants saw a slight decrease, and humanitarian visas experienced a sharp decline during the same period (Home Office, 2025; Migration Policy Institute, 2025). The specific and significant growth in non-EU migration, particularly within the health and care sectors (ONS, 2025), clearly indicates a targeted policy response aimed at addressing critical labour shortages. However, the concurrent "unprecedented influx" described in the user query suggests that the policy's impact extended beyond these narrowly defined objectives (Home Office, 2025). This broader increase in overall migration, potentially due to the mechanisms of these visa routes (such as the ability to bring dependants), led to broader demographic shifts and potentially unforeseen pressures on public services and housing that were not the explicit targets of the initial visa policies (Home Office, 2025; The Guardian, 2025). This demonstrates a notable disconnect between a specific policy's intended purpose and its broader, systemic consequences across the economy and society (Home Office, 2025).

The Evolving Policy Framework and Its Impact

The New Points-Based System: Design and Initial Implementation (Jan 2021)

The post-Brexit immigration system, which became fully operational in January 2021, fundamentally reshaped the UK's approach to migration by ending free movement with the European Union (Migration Observatory, 2025; The Guardian, 2025). Its initial design was notably more restrictive towards EU citizens, while paradoxically becoming somewhat less restrictive towards non-EU citizens compared to the system that existed until the end of the post-Brexit transition period in December 2020 (Migration Observatory, 2025). This represented a decisive pivot towards a skills-based immigration model, with the stated aim of restoring confidence in the immigration system, ensuring it is adequately controlled, and supporting benefits from migration without using it as an alternative to addressing domestic issues in the UK (Home Office, 2025; Migration Policy Institute, 2025). However, the initial design of the Points-Based System, while intended to "restore control" and prioritise skilled migration, inadvertently contributed to the "unprecedented influx" of migrants noted in the user query (Home Office, 2025). This led to a "significant expansion in overall levels of

Table 1: UK Net Migration Trends (2020-2025) by Nationality and Visa Type

Metric	2020 (Approx.)	2021 (Approx.)	2022 (Revised Peak)	2023 (Peak)	2024 (Provisional)
Net Migration (Annual)	~200k-300k (Home Office, 2025)	—	872,000 (OBR, 2025; Migration Policy Institute, 2025; Home Office, 2025)	906,000 (Home Office, 2025; Migration Policy Institute, 2025)	431,000 (Migration Observatory, 2025; The Guardian, 2025)
EU Net Migration	—	Negative (Migration Policy Institute, 2025)	Negative (Migration Policy Institute, 2025)	Negative (Migration Policy Institute, 2025)	-96,000 (Migration Observatory, 2025)
Non-EU Net Migration	—	Primary Source (Home Office, 2025; ONS, 2025)	Major Source (Home Office, 2025; ONS, 2025)	Primary Source (Home Office, 2025; ONS, 2025)	Major Source (Home Office, 2025; ONS, 2025)
Visas Granted (Total, excluding visitors)	—	—	—	1.4 million (Q1) (Home Office, 2025; Migration Policy Institute, 2025)	—
Work Visas (Grants)	—	Growth (Home Office, 2025; Migration Policy Institute, 2025)	Growth (Home Office, 2025; Migration Policy Institute, 2025)	Growth (Home Office, 2025; Migration Policy Institute, 2025)	Fall by 56% (The Guardian, 2025)
Study Visas (Grants)	—	Growth (Home Office, 2025; Migration Policy Institute, 2025)	Growth (Home Office, 2025; Migration Policy Institute, 2025)	Slight Fall (Home Office, 2025; Migration Policy Institute, 2025)	Fall by 14% (The Guardian, 2025)
Dependant Visas (Work/Study)	—	Growth (Home Office, 2025; Migration Policy Institute, 2025)	Growth (Home Office, 2025; Migration Policy Institute, 2025)	Growth (Home Office, 2025; Migration Policy Institute, 2025)	Significant Fall (The Guardian, 2025)
Humanitarian Visas	—	—	Sharp Fall (Home Office, 2025; Migration Policy Institute, 2025)	Sharp Fall (Home Office, 2025; Migration Policy Institute, 2025)	—
Top Nationalities (2024 Immigrants)	—	—	—	—	Indian (17%), Pakistani (8%), Chinese (7%) (ONS, 2025)
Adult Migrants as % of UK Employees	—	—	—	—	19% (5.75m) (ONS, 2025)

Note: *Data points are approximate where specific annual figures for all categories across the entire period were not explicitly provided in the snippets, but trends and peak figures are cited directly.*

migration, driven particularly by non-EU nationals and their dependants coming to the UK for work and study" (Home Office, 2025). This outcome suggests that the initial policy settings, potentially due to an underestimation of demand or unforeseen pathways such as the rapid growth in care worker visas with accompanying dependent rights, failed to achieve the intended reduction in overall numbers (Home Office, 2025). The government's stated aim of controlling immigration and ensuring it benefits the UK (Home Office, 2025) was challenged by the actual increase in net migration (Home Office, 2025). This miscalculation in policy design then necessitated the subsequent "abrupt" policy changes, as the government sought to course-correct in response to higher-than-anticipated numbers (Migration Observatory, 2025).

Policy Shifts Under Conservative and Labour Governments (Nov 2023, May 2025, July 2025 Immigration Rule Changes)

A dynamic marked the period from 2020 to 2025, characterised by a reactive policy landscape, with significant shifts under both Conservative and Labour administrations (Migration Observatory, 2025; The Guardian, 2025).

Conservative Government (November 2023): In response to rising migration figures, the previous Conservative government introduced a series of restrictive policies in November 2023 (Migration Observatory, 2025; The Guardian, 2025). These measures included substantially higher salary thresholds for work and family migrants, along with new restrictions on dependants accompanying newly arriving students and care workers (Migration Observatory, 2025; The Guardian, 2025). These changes were expected to result in "significantly reduced immigration levels from April 2024" (Home Office, 2025; The Guardian, 2025). When combined with earlier policies from May 2023, the Home Office estimated these measures could reduce immigration by 300,000, mainly affecting dependants (Home Office, 2025; The Guardian, 2025).

Labour Government (May 2025 White Paper & July 2025 Rule Changes): Following the Labour government's election in 2024 (Migration Observatory, 2025; The Guardian, 2025), a comprehensive White Paper titled "Restoring Control over the Immigration System" was published in May 2025 (Home Office, 2025; Migration Policy Institute, 2025). This document outlined further substantial restrictions, signalling a continued tightening of immigration controls (Migration Observatory, 2025; The Guardian, 2025; Migration Policy Institute, 2025). Key measures included:

- ❖ The complete closure of the care worker route to new overseas recruitment (Migration Observatory, 2025; The Guardian, 2025; Migration Policy Institute, 2025). This decision was explicitly justified by "significant concerns over abuse and exploitation of individual workers in this sector" (Migration Policy Institute, 2025).
- ❖ Impact of New Salary and Skill Thresholds: The Skilled Worker route was primarily designated for graduate-level jobs (RQF Level 6), marking a significant increase from the previous RQF Level 3 (A-level equivalent) (Home Office, 2025; The Guardian, 2025; Migration Policy Institute, 2025). This change aims to prioritise high-skilled roles and reduce dependence on lower-skilled migration (Home Office, 2025). The government has also announced the abolition of the Immigration Salary List ('ISL'), which previously allowed specific roles to benefit from lower salary thresholds and visa fees, signalling a move towards a more uniform salary requirement across all occupations (Home Office, 2025). This change, aimed at prioritising high-skilled roles and reducing reliance on lower-skilled migration, will be accompanied by an increase in the minimum salary threshold alongside the rise in the minimum skills threshold. This will make it more challenging for companies based in regions where salaries are below the national average to fill vacancies requiring skills in short supply locally (Migration Observatory, 2025; Migration Policy Institute, 2025). Consequently, migrants—particularly those in sectors such as hospitality, logistics, and social care, which have traditionally depended on mid-skilled migrant labour—may find it harder to qualify for visas. This could lead to acute shortages, increased operational costs, and recruitment difficulties (Home Office, 2025).
- ❖ The introduction of more stringent English language requirements for work migrants and, for the first time, their dependants (The Guardian, 2025).
- ❖ A significant change involved extending the standard qualifying period for Indefinite Leave to Remain (ILR), also known as settlement or permanent residence, from five to ten years for Points-Based System migrants and their dependants (Migration Policy Institute, 2025; The Guardian, 2025). This particular change generated "a great deal of concern" among stakeholders and was widely predicted to "discourage highly skilled individuals and wealth generators" from choosing the UK, especially when other countries offer shorter settlement periods (Migration Policy

Institute, 2025; The Guardian, 2025). This decision could also create a "retention challenge" for businesses (The Guardian, 2025).

- The duration of the Graduate route was reduced from two years to 18 months (Migration Policy Institute, 2025; The Guardian, 2025), with the stated aim of encouraging quicker transition into the Skilled Worker route (Migration Policy Institute, 2025).
- A 32% increase in the Immigration Skills Charge was implemented (Migration Policy Institute, 2025).
- Home Office analysis estimated that these May 2025 changes would result in a reduction of 98,000 to 100,000 fewer visa grants annually (Migration Observatory, 2025; The Guardian, 2025; The Independent, 2025). Reflecting the combined impact of these new restrictions and increased scrutiny, Skilled Worker visa grants fell by 60% in 2024, with Health and Care visas experiencing an even sharper decline of 81% (The Guardian, 2025).
- The May 2025 White Paper's simultaneous pursuit of conflicting objectives—reducing overall net migration (e.g., care worker route closure, higher thresholds) while also aiming to attract "highly talented people" (e.g., High Potential Individual route expansion (Migration Policy Institute, 2025))—creates inherent policy contradictions (Migration Policy Institute, 2025). The extension of the settlement period from 5 to 10 years (Migration Policy Institute, 2025; The Guardian, 2025), explicitly identified as a measure that could "discourage highly skilled individuals and wealth generators" (Migration Policy Institute, 2025) and create a "retention challenge" (The Guardian, 2025), directly undermines the goal of attracting and retaining high-skilled migrants (Migration Policy Institute, 2025; The Guardian, 2025). This highlights a fundamental tension where the political imperative to reduce overall numbers, driven by public sentiment that immigration is "too high" (ONS, 2025), may be overriding the nuanced economic need for specific skills and long-term talent retention (The Guardian, 2025).
- If the UK aims to attract and retain the "best and brightest," making the path to permanent residency significantly longer and more arduous works against that goal (Migration Policy Institute, 2025; The Guardian, 2025). This suggests that the government's primary focus on reducing *overall* net migration has led to policy decisions that are counterproductive to its stated aim of attracting *specific* high-value migrants, potentially rendering the system less competitive globally (Migration Policy Institute, 2025; The Guardian, 2025).

Economic Analysis: Contributions, Costs, and Challenges

1. Migrants in the UK Labour Market: Employment, Sectoral Distribution, and Skills. Migrants constitute a substantial and growing portion of the UK workforce (ONS, 2025). In December 2024, approximately 19% (5.75 million) of all UK employees were adult migrants (ONS, 2025). The overall share of employee jobs held by non-UK citizens has steadily increased over the past decade, rising from 12% in July 2014 to 20% in December 2024 (ONS, 2025). This upward trend highlights the increasing reliance of the UK economy on migrant labour (ONS, 2025). Since the introduction of the post-Brexit immigration system in January 2021, non-EU citizens have been the primary source of growth in the migrant workforce (ONS, 2025). This growth was predominantly driven by high levels of recruitment into health and care roles, particularly care work (ONS, 2025). Migrants are notably overrepresented in administrative services, hospitality, and healthcare sectors, indicating their concentration in areas with significant labour demand (ONS, 2025).

Employment rates reveal a mixed picture across genders and regions of origin (ONS, 2025). In 2024, working-age migrant men exhibited higher employment rates (83%) than UK-born men (78%) (ONS, 2025). Conversely, working-age migrant women had slightly lower employment rates (71%) compared to UK-born women (73%) (ONS, 2025). This disparity is particularly pronounced for women from Middle Eastern, North African, Central Asian, and South Asian countries (excluding India), where looking after the family

Table 2: Key UK Immigration Policy Changes (2020-2025) and Estimated Impact

Date/ Period	**Issuing Government**	**Key Policy Measures**	**Stated Aim/Rationale**	**Estimated Impact on Visa Grants/Net Migration**	**Actual Observed Impact (where available)**	**Column 1**	**Column 2**	**Column 3**	**Column 4**	**Column 5**
Jan 2021	Conservative	Introduction of a Points-Based System; End of EU Free Movement.	Restore control, support benefits, not an alternative to domestic skills (Home Office, 2025; Migration Policy Institute, 2025)	—	Non-EU citizens' primary source of growth (ONS, 2025)					
Nov 2023	Conservative	Higher salary thresholds (work/ family); Dependant restrictions (students/ care workers).	Reduce immigration levels (Home Office, 2025; Migration Observatory, 2025; The Guardian, 2025)	Cut immigration by 300,000 (mostly dependants) (Home Office, 2025; The Guardian, 2025)	Net migration fell to 431,000 in 2024 (Migration Observatory, 2025; The Guardian, 2025)					
May 2025	Labour	Closure of Care Worker route; Skilled Worker to RQF Level 6; Stricter English language for dependants; ILR from 5 to 10 years; Graduate route from 2 years to 18 months; 32% Immigration Skills Charge increase; ISL abolished.	Combat exploitation, prioritise high-skilled, restore control (Home Office, 2025; Migration Policy Institute, 2025)	Reduce visa grants by 98,000-100,000 annually (Migration Observatory, 2025; The Guardian, 2025; The Independent, 2025)	Skilled Worker visa grants fell 60% in 2024; Health & Care visa grants fell 81% (The Guardian, 2025)					

home was cited as the primary reason for not being in employment for 38% of those born in MENA and Central Asia (ONS, 2025). This suggests that cultural norms and caring responsibilities play a significant role in the labour market participation of certain migrant women (ONS, 2025).

A key concern highlighted by the data is the underutilisation of skills among migrant workers (ONS, 2025). Many highly educated migrant workers are reportedly overqualified for their jobs, indicating a mismatch between their qualifications and available employment opportunities (ONS, 2025). Furthermore, foreign-born workers are more likely to work night shifts and hold temporary positions compared to their UK-born counterparts (ONS, 2025). The widespread issue of highly educated migrant workers being overqualified, along with their disproportionate presence in non-permanent or night shift roles, highlights a significant underuse of human capital within the UK economy (ONS, 2025). This systemic inefficiency can negatively impact overall productivity and GDP per capita, even if aggregate GDP increases due to population growth (ONS, 2025). It suggests that the UK is not fully harnessing the skills and potential that migrants offer, possibly because of barriers in recognising foreign qualifications, language obstacles, or direct discrimination, thereby hindering broader economic progress (ONS, 2025). If skilled migrants are unable to secure employment matching their qualifications, their potential contributions to innovation, higher-value economic activities, and overall productivity are diminished (ONS, 2025). This directly relates to concerns that productivity in the economy has "flatlined" because businesses have opted for "mass low-skill migration instead of investing in technology or automation" (The Guardian, 2025). The high incidence of overqualification among migrants suggests that even if migration quality is high, ineffective integration into the labour market can cause economic inefficiencies and limit per capita growth (ONS, 2025).

2. Fiscal Impact: Contributions, Costs, and the Exchequer

Evidence suggests that immigrants make substantial fiscal contributions to the UK economy (OBR, 2025; Migration Observatory, 2025). Studies indicate that they add approximately £2.5 billion annually to the Exchequer through tax contributions alone (ONS, 2025; OBR, 2025). In 2020, immigrants reportedly paid around £20 billion in taxes, which is substantially higher than the costs associated with the public services they utilised (OBR, 2025). This tax revenue is essential for funding public services and social welfare programmes that benefit all residents (OBR, 2025). Specifically, immigrants from outside the EU were found to have contributed about £4.6 billion more in taxes than they received in benefits and public services (OBR, 2025).

However, a nuanced perspective is necessary (Migration Observatory, 2025). While migrants generally contribute positively to public finances, especially those of working age (Migration Observatory, 2025), the fiscal impact can vary significantly depending on their characteristics, such as age, skills, and earnings (Migration Observatory, 2025). For example, individuals with children often need to earn more to make a net positive fiscal contribution because they incur higher expenditures on health and education (Migration Observatory, 2025). The Office for Budget Responsibility (OBR) forecasts have generally estimated that higher net migration results in lower deficits and debt, mainly because migrants tend to be of working age (Migration Observatory, 2025). However, recent analysis has questioned the idea that all migration is a net contributor to economic growth (The Guardian, 2025). The OBR's 2024 study indicated that low-wage migration, especially when accompanied by large numbers of dependents, can be costly to the Exchequer, becoming a net drain rather than a net benefit (The Guardian, 2025). This underscores that the composition of migrant flows, particularly in terms of skill level and earning potential, plays a crucial role in shaping the overall fiscal outcome (The Guardian, 2025; Migration Observatory, 2025).

The fiscal impact of migration is estimated by calculating migrants' contributions to public finances (such as through paying taxes) minus their cost to public finances (such as through receiving benefits and healthcare) (Migration Observatory, 2025). A positive net fiscal impact indicates that migrants contribute more to public finances than they utilise (or, in other words, that immigration provides more revenue to the government than it costs in expenditure) (Migration Observatory, 2025). Costs to public finances (or 'expenditures') include direct spending, such as NHS care, education for migrant children, cash benefits like tax credits and pensions, and government spending likely affected by population growth, such as transport and policing (Migration Observatory, 2025). It is essential to note that when the UK runs a budget deficit, the average UK resident incurs a net fiscal cost, which complicates direct comparisons between migrants and the UK-born population, particularly given the higher proportion of retired individuals among the UK-born (Migration Observatory, 2025). Nonetheless, studies consistently show that recently arrived migrants tend to have a more positive fiscal impact than those who have been in the UK longer, and that the overall budgetary impact of migration generally accounts for less than 1% of GDP (Migration Observatory, 2025).

3. Migrant Entrepreneurship and Innovation

Migrant entrepreneurship plays a vital role in the UK economy, supporting business growth, job creation, and innovation (Remitly, n.d.; OBR, 2025; The Guardian, 2025). Foreign-born founders established just over 36,000 businesses in the UK in 2021, the latest year for which data is available—that's a 4.2% increase from previous years (Remitly, n.d.; The Guardian, 2025). Reports indicate that today, 39% of the UK's top 100 fastest-growing companies are owned and run by skilled immigrants (Remitly, n.d.; The Guardian, 2025). These businesses cover a wide range of sectors—from technology to hospitality, healthcare, retail, and professional services—driving growth across the UK economy (Remitly, n.d.; The Guardian, 2025). Overall, 27% of UK businesses are owned by immigrants, with an estimated 400,000 immigrant entrepreneurs generating £7.6 billion for the UK's GDP through their companies (OBR, 2025). The growth rate of immigrant businesses from 2019 to 2023 was 15% (OBR, 2025).

Beyond their direct economic contributions, immigrant entrepreneurs play a vital role in the country's business ecosystem (Remitly, n.d.; The Guardian, 2025). They introduce new perspectives, ideas, and innovative processes, often borrowing elements from their cultural backgrounds to innovate across various sectors, from food to the arts (Remitly, n.d.; The Guardian, 2025). This cultural diversity and the introduction of diverse skill sets are seen as key drivers of innovation and growth, fostering a greater variety of choices for consumers (Remitly, n.d.; The Guardian, 2025). Historically, immigrant entrepreneurs have also played a significant role in creating jobs (Remitly, n.d.; The Guardian, 2025). A 2015 study found that immigrant entrepreneurs added more than 1.1 million jobs to the UK labour market (Remitly, n.d.; The Guardian, 2025). This not only led to overall GDP growth, but also faster, more effective integration by migrants and their families into the local community (Remitly, n.d.; The Guardian, 2025). While comprehensive, up-to-date figures on job creation specifically for the 2020-2025 period are challenging to obtain, the consistent trend of immigrant-led business growth suggests continued positive employment impacts (Remitly, n.d.; The Guardian, 2025).

4. Impact on GDP and Productivity

The impact of migration on the UK's overall Gross Domestic Product (GDP) and GDP per capita is complex and widely debated (Home Office, 2025; Migration Policy Institute, 2025; The Guardian, 2025). Generally, an increase in migrants tends to raise the total output of the economy (Home Office, 2025; Migration Policy Institute, 2025; The Guardian, 2025). For instance, scenarios with net migration 200,000 higher in the medium term could result in GDP being 1.5% higher by 2028-29 (Home Office, 2025; Migration Policy Institute, 2025; The Guardian, 2025). If the capital stock adjusts to support the larger labour force, this could further increase GDP by 2.2% and raise GDP per capita by 0.8% above central forecasts (Home Office, 2025; Migration Policy Institute, 2025; The Guardian, 2025). Conversely, scenarios with lower migration show similar adverse effects (Home Office, 2025; Migration Policy Institute, 2025; The Guardian, 2025).

However, the effect on GDP per person is highly uncertain. It depends on several factors, including the age, education, skill level, and participation rate of migrants, as well as the investment response of businesses

(Home Office, 2025; Migration Policy Institute, 2025; The Guardian, 2025). While migrants coming to the UK to study are increasingly economically active, with participation rates rising from 30% in 2019 to 48% in the year to June 2023 (Home Office, 2025; Migration Policy Institute, 2025; The Guardian, 2025), concerns persist regarding the overall impact on productivity (The Guardian, 2025). Some analysts suggest that high levels of low-wage migration have decreased GDP per person and contributed to productivity stagnation (The Guardian, 2025). This view argues that businesses have opted for mass low-skill migration over investing in technology, automation, or other methods to enhance productivity (The Guardian, 2025). It proposes that an easily accessible supply of lower-skilled labour can discourage investment in capital-intensive upgrades or domestic skills training, thereby restricting long-term productivity growth (The Guardian, 2025). The fact that many highly educated migrants are overqualified for their roles (ONS, 2025) further supports the idea that the UK may not be fully utilising the human capital it attracts, possibly limiting per capita GDP growth (ONS, 2025; The Guardian, 2025). The economic outcome is not solely determined by the number of migrants. Still, it crucially depends on their effective integration into the labour market at suitable skill levels and the broader economy's adaptive response (Home Office, 2025; ONS, 2025; Migration Policy Institute, 2025; The Guardian, 2025).

Financial Burden on Migrants (Visa Fees, IHS) and Revenue Generation

Migrants seeking to live and work in the UK face significant financial burdens due to various fees and surcharges, which can cause considerable hardship and elevate their precarity (Migration Policy Institute, 2025; Migration Observatory, 2025). The Immigration Health Surcharge (IHS), a compulsory annual payment for most work, family, or study visa applicants, has experienced these substantial and often rising costs, which directly increase migrant precarity by creating significant financial barriers to entry and long-term stability. Many migrants, especially those from lower-income countries, invest their life savings to cover these initial fees, leaving them financially vulnerable upon arrival (Royal College of Nursing, 2025). The requirement to pay the IHS upfront for the entire visa duration, which can total thousands of pounds, worsens this precarity, as it involves a considerable, non-refundable expense before earning any income in the UK (Parliament UK, 2025). This financial burden can limit their ability to find adequate housing, access essential services, or deal with unexpected difficulties, pushing them into precarious situations and increasing their risk of exploitation (Royal College of Nursing, 2025).

Immigration Skills Charge (rising to around £1,320 for large employers and £480 for small employers per year of sponsorship) (Migration Policy Institute, 2025) creates a substantial financial burden for both migrants and their sponsoring employers (Migration Policy Institute, 2025; The Guardian, 2025). Surveys indicate that while some visa holders found the application process straightforward, a significant number found it challenging, and many felt that the application fee and the Immigration Health Surcharge did not represent good value for money (University of Oxford, 2025). Fewer than one in five (18%) of general Skilled Worker visa holders agreed that the recent increase in the IHS was good value (University of Oxford, 2025). For employers, the sponsorship process was often reported to take longer and cost more than expected (University of Oxford, 2025). These financial barriers, particularly the extended settlement period, may deter highly skilled individuals and wealth creators from choosing the UK, as other countries have shorter standard periods for settlement and citizenship (Migration Policy Institute, 2025; The Guardian, 2025). This could present a "retention challenge" for the UK, with skilled migrants potentially opting to move to countries offering more attractive routes to permanent residence (The Guardian, 2025). Stricter financial evidence requirements for dependants could also create difficulties for lower-earning skilled workers, restricting their ability to bring family members (The Guardian, 2025). This system of high fees and surcharges has become a significant source of revenue for the Home Office, directly contributing to the insecurity of migrants (Migration Observatory, 2025). The House of Commons Library reported that the government collected over £1.7 billion in gross surcharge revenue in 2023/24 alone and £6.9 billion since the introduction of the IHS in 2015.

5. Social Impacts and Integration Challenges

Pressure on Public Services and Housing

The rapid increase in net migration between 2020 and 2025 has exerted considerable pressure on the United Kingdom's public services and housing infrastructure (The Guardian, 2025). While migrants are net fiscal contributors to the UK economy, their presence, particularly in areas with high population density, creates localised strains on services such as healthcare, education, and social care (The Guardian, 2025). This is compounded by the fact that the supply of new housing has not kept pace with population growth, leading to increased competition for accommodation and pushing up rental prices, particularly in urban centres (Migration Policy Institute, 2025). The Office for Budget Responsibility (OBR) estimates that while higher migration boosts the labour supply and economic output, it also necessitates greater capital spending on infrastructure to maintain living standards (OBR, 2025). The lack of this investment can lead to a decline in the quality and accessibility of public services, resulting in public frustration and negatively impacting social cohesion (The Guardian, 2025).

Social Cohesion and Integration

The social integration of migrants into British society is a complex process. On the one hand, migration enriches the UK's cultural fabric, with foreign-born individuals contributing to diverse cultural landscapes in cities and towns across the country (ONS, 2025). On the other hand, the pace and scale of recent migration have, in some instances, challenged social cohesion (The Guardian, 2025). Public opinion polls consistently indicate a concern that the level of immigration is "too high" (ONS, 2025), a sentiment that has been a significant driver of recent restrictive policy changes by both Conservative and Labour governments (Migration Observatory, 2025; The Guardian, 2025). Issues such as perceived strains on public services, wage deflation in certain sectors, and cultural misunderstandings can contribute to social friction (The Guardian, 2025). Effective integration requires policies that go beyond simply managing numbers; they must actively support migrants in accessing language training, employment opportunities that match their skills, and community services that foster a sense of belonging (Migration Policy Institute, 2025).

The Human Cost: Uncertainty, Hardship, and Exploitation

Psychological Impact of Policy Volatility and Delays

The period between 2020 and 2025 was marked by frequent and often sudden changes in immigration rules, creating a climate of significant uncertainty for migrants and their families (Migration Observatory, 2025). Policies such as the extension of the settlement period from five to ten years and the abolition of the Immigration Salary List (ISL) have generated "a great deal of concern" and uncertainty (Migration Policy Institute, 2025). This policy volatility has a documented psychological impact, leading to heightened anxiety, stress, and a sense of precarity among migrants (PMC, 2024). Studies on the mental health of asylum seekers, for example, have shown a direct correlation between prolonged waiting times and mental health decline (PMC, 2024), a finding that can be extrapolated to other migrant groups facing extended periods of uncertainty about their legal status and future in the UK. The constant threat of new, stricter rules makes it difficult for individuals to make long-term plans, affecting everything from career choices to family decisions (Migration Policy Institute, 2025).

Exploitation of Migrant Workers, particularly Care Workers, and Home Office Complacency

The rise in non-EU migration has coincided with a troubling increase in the exploitation of migrant workers, particularly within the care sector (Royal College of Nursing, 2025). The Home Office's policy of tying a care worker's visa to a specific employer creates a power imbalance, making workers highly vulnerable to abuse and exploitation (Royal College of Nursing, 2025). The Royal College of Nursing (RCN) has issued strong warnings about the hundreds of migrant care workers facing exploitation, citing abuses such as illegal salary deductions, extortionate accommodation fees, and threats of visa cancellation (Royal College of Nursing, 2025). Compounding this issue is the Home Office's "documented complacency" in addressing these abuses, with reports of delayed or inadequate responses to concerns about exploitation (Royal College of Nursing, 2025). The Labour government's decision to close the care worker route to new overseas recruitment was explicitly justified by "significant concerns over abuse and exploitation of individual workers in this sector" (Migration Policy Institute, 2025), highlighting the severity of the problem. However, this policy change, while intended to curb abuse, may also inadvertently exacerbate labour shortages in a critical sector (The Guardian, 2025).

Public Opinion and Political Discourse

Evolving Public Attitudes

Public opinion on immigration in the UK has been highly fluid over the past decade. While a majority of the public still feels that immigration has been "too high" (ONS, 2025), there has been a general softening of attitudes (ONS, 2025). For the first time since 2015, more people in 2024 believed that immigration has a positive impact on the UK economy than a negative one (ONS, 2025). This shift is likely due to increased awareness of the critical role migrants play in key sectors like the NHS and social care, and a greater understanding of the economic necessity of migration to fill labour shortages and drive growth (ONS, 2025). However, a clear divide remains, with older generations and those in areas with lower migration levels tending to hold more negative views than younger people and those in urban, multi-ethnic areas (ONS, 2025).

Political Responses and Rhetoric

Throughout the 2020-2025 period, political rhetoric on immigration has remained highly charged. Both Conservative and Labour governments have, at various points, committed to a public agenda of "taking back control" and reducing net migration (Home Office, 2025; Migration Policy Institute, 2025). This political consensus, driven by public opinion, has resulted in the reactive, often abrupt, policy shifts discussed earlier (Migration Observatory, 2025). While governments have acknowledged the need for skilled migrant labour, the political imperative to appear "tough" on immigration has often overridden the nuanced economic realities. The May 2025 White Paper, for instance, simultaneously aimed to attract "highly talented people" while extending the settlement period to ten years, a move widely considered to be a deterrent to exactly those individuals (Migration Policy Institute, 2025; The Guardian, 2025). This demonstrates a fundamental tension between political rhetoric aimed at satisfying a segment of the electorate and the practical demands of a modern, globalised economy (The Guardian, 2025).

CONCLUSION AND RECOMMENDATIONS

Synthesis of Key Findings

The period from 2020 to 2025 has shown that UK immigration policy is at a critical crossroads. While the new post-Brexit system has led to record-high levels of non-EU migration, filling critical labour shortages and generating significant revenue for the Exchequer, it has done so at a considerable human cost. Migrants face increasing precarity due to high visa fees and frequent policy changes, and exploitation, particularly in the care sector, has become widespread. The economic benefits of migration are clear in terms of aggregate GDP and fiscal contributions. Yet, concerns about productivity and the strain on public services persist, driven by a lack of corresponding investment. The tension between the economic need for migrants and the political pressure to reduce numbers has led to a series of reactive policy changes that are often contradictory and counterproductive.

Recommendations for the UK Government

Based on this analysis, the following recommendations are offered to the UK government to create a more stable, humane, and effective immigration system:

- **Implement Policy Stability:** The government should move away from reactive, abrupt policy changes. A long-term, cross-party consensus on immigration policy is needed to provide predictability for both migrants and employers.
- **Decouple Visas from Employers:** The UK government should introduce a new visa policy that allows skilled migrants with adequate financial means to come to the UK and seek employment without being tied to a specific employer. This model, similar to Germany's "Job Seeker Visa," would significantly reduce the power imbalance between employers and workers, thereby preventing the documented exploitation that occurs under the current sponsor-based system.
- **Enhance Migrant Protections:** Introduce stronger legal and regulatory frameworks to protect migrant workers from exploitation, particularly in vulnerable sectors. The Home Office must be held accountable for effectively investigating and prosecuting those who exploit migrant labour.
- **Review Financial Burdens:** The high costs of visas and the Immigration Health Surcharge should be reviewed. While they serve as a revenue stream, they also heighten migrant precarity and may deter the very talent the UK seeks to attract. A tiered system or a more affordable payment structure could be explored.
- **Invest in Infrastructure:** The government must commit to a clear and robust plan to invest in public services and housing infrastructure to keep pace with population growth. This would alleviate public concern and ensure that all residents, both native and migrant, can access quality services.
- **Restrict Dependant Removal to Prevent Abuse:** The government should implement a policy that prevents main visa applicants from unilaterally removing dependents from their visas as a tool for financial exploitation or emotional abuse.
- **Joint Departure Requirement:** To protect dependents living in anxiety and fear due to daily threats from main applicants, the policy should mandate that if a main applicant requests the removal of a dependent, both parties must be required to leave the UK.
- **Reducing Exploitation:** This measure is intended to de-escalate the power imbalance and reduce the systemic exploitation and abuse currently perpetrated by some main applicants against their dependents.

Recommendations for Prospective Migrants

For those considering a move to the UK, the following guidance is recommended:

- **Conduct Thorough Research:** Prospective migrants should be aware of the UK's dynamic policy landscape. They should research not only visa requirements but also the financial costs and long-term implications, such as the extended settlement period.
- **Verify Employer Credentials:** Given the documented exploitation in certain sectors, it is crucial to verify the credentials and reputation of sponsoring employers. Seek advice from reputable organisations and legal professionals.
- **Plan for Financial Burdens:** Be prepared for the significant upfront financial costs of the visa application, including the Immigration Health Surcharge.
- **Connect with Support Networks:** Seek out and engage with community groups and support networks for migrants upon arrival. These networks can provide invaluable assistance in navigating the complexities of integration and dealing with the challenges of a new country.

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