

Clarifying the Settlement Criteria (ILR)

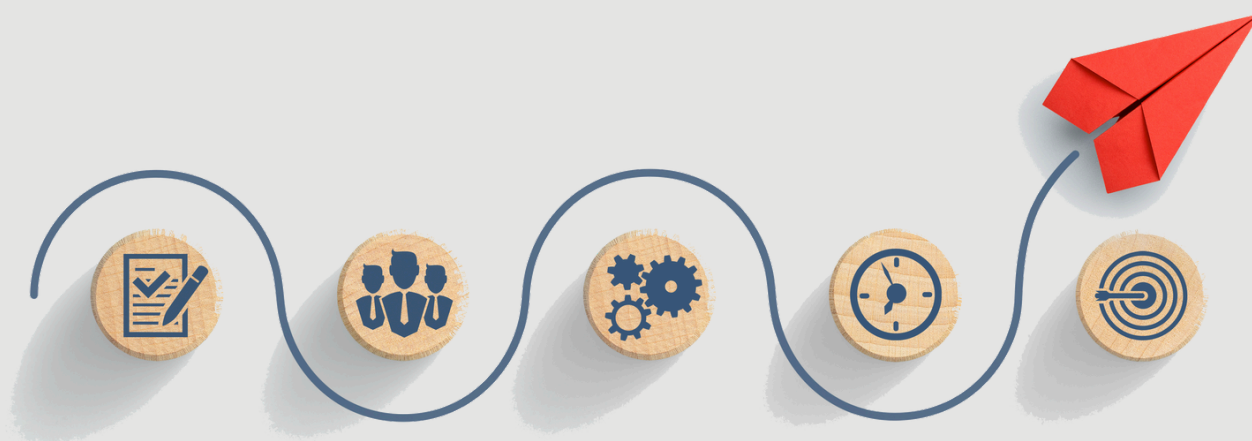
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About Innovator International



Innovator International provide support to entrepreneurs and organisations seeking growth through innovation. The company brings together the expertise of a team of experienced business advisors and successful entrepreneurs, spanning a wide range of business sectors and disciplines.

Over the last 30 years, our team have written, supported and assessed thousands of business plans, leading to the development of many successful businesses. Over this time, we've developed an excellent working knowledge of what makes a good business plan.

We are one of three UK Home Office's Endorsing Bodies, licensed to assess business plans from international entrepreneurs who wish to seek entry to the UK through routes including the Innovator Founder Visa route.

This guide has been developed primarily for prospective applicants to the Innovator Founder Visa (Settlement) route to help clarify how we interpret the Home Office guidelines for Endorsing Bodies and what we seek in a successful application.



ABOUT THIS GUIDE

The primary goal for any founder on the Innovator Visa route should be to create a successful business. On achieving this, Indefinite Leave to Remain (ILR) - also known as “settlement” - should follow. It is not mandatory (nor expected) that this will be achieved within 3 years. Most founders progress on to the Innovator Founder (same business) Visa to continue their journey, until they meet the settlement criteria.

But, what is the settlement criteria? Have you met it, or how close are you to achieving it?

This guide has been created to help you answer these questions. Please read this in detail and take some time to develop your application, and don't hesitate to contact us if you have further questions.





Home Office Settlement Criteria

To apply for this Visa route, the Government ask Endorsing Bodies to confirm they are satisfied that the applicant has made significant achievements in developing their business. There are a number of criteria, but the most important ones we seek to assess are as follows:

- **Your business must be active and trading**
- **Your business must continue to appear to be sustainable for at least the following 12 months, based on its assets and expected income, weighed against its current and planned expenses**
- **You must have made significant achievements against a previously endorsed business plan**
- **You must be involved in the day-to-day management and development of their business**

This document provides guidelines and expectations for a successful assessment from Innovator International.



Additional Success Criteria

In addition to the settlement criteria, the Home Office also specify success criteria. Applicants must each meet at least two of the following criteria:

- 1. £50,000 investment:** At least £50,000 has been invested into the business and actively spent furthering the business.
- 2. Customer base increase:** The number of the business's customers has at least doubled within the last 3 years and is currently higher than the mean number of customers for other comparable UK businesses.
- 3. Research and Development:** The business has engaged in significant R&D activity and has applied for intellectual property protection in the UK
- 4. Gross Revenue Increase:** The business has generated a minimum annual gross revenue of £1 million in the last full year covered by its accounts.
- 5. Gross Revenue with overseas export:** The business is generating a minimum annual gross revenue of £500,000 in the last full year covered by its accounts, with at least £100,000 from exporting overseas
- 6. Job Creation:** The business has created the equivalent of at least 10 full-time jobs for settled workers, or the business has created the equivalent of at least 5 full-time jobs for settled workers, each of which has a mean salary of at least £25,000 a year (gross pay, excluding any allowances).

Assessing the Settlement Criteria

At Innovator International, we consider each application independently, based on the achievements made and evidenced. Achievements are assessed against the claims and forecasts made within the entirety of the previously endorsed business plan, focusing on the innovative components.

The business has to be active and trading: This implies that the business is purchasing and selling goods at market rates, and that all employees are paid a suitable market rate salary. The expectation is that the business will make a profit from revenue generated by the endorsed activities at the point of ILR, unless otherwise stated in the business plan (for example, in the case of a research-driven business).

The business is sustainable for at least 12 months: Assets and income should exceed the sum of all operating business costs. Existing funds in the business may be considered an asset, but we would not consider additional investments made solely for the purpose of achieving ILR.

Significant achievements against your business plan: We expect to see “significant achievements” against the entirety of the business plan, including products and services to be developed, and that the business is achieving significant commercial traction. There is no specific income target – the forecasts you made in your endorsed business plan act as your benchmark.

Very few businesses deliver the “significant achievements” they forecast in their plans within the duration of a single visa period. It is commonplace for applicants to require an Innovator Founder (Same Business) Visa to grant the additional time required to make the achievements required for ILR.



Assessing the Success Criteria:

1. £50,000 investment: We need to see business bank statements showing £50k invested in the business bank account with evidence of who and where the £50k is from. The business bank statements must also show £50k spent on items or services which further the business. Certain types of grant funding are also permitted to be included.

2. Customer base increase: This is an ambiguous measure, and in most cases, we suggest that applicants try to meet two of the other targets. Whilst it is straightforward to evidence the doubling in the customer base using statements from an established accounting or CRM package, finding the mean number of customers for similar businesses is difficult to obtain accurately. It is up to the applicant in each case to provide sufficient evidence to demonstrate achievement of this criterion. All evidence will be considered, but for this criterion to be successful, the evidence provided must be compelling.

3. Research and Development: The key to this section is not so much the protection, but the R&D activities that have resulted in the generation of “new knowledge”. We expect to see evidence of research work and subsequent processing of the research to develop something new. This may be knowledge, or a process, method, design, or a product. The ‘finding’ must then be protected by a registered means other than copyright. Patents and design rights are examples of acceptable forms of protection. Simply trademarking something without evidence of sufficient research and development activities would not be deemed sufficient to meet this criterion.



Assessing the Success Criteria:

4. Gross Revenue Increase: The last set of full annual accounts* must show revenue of over £1M.

5. Gross Revenue with overseas export: The business is generating a minimum annual gross revenue of £500,000 in the last full year covered by its accounts*, with at least £100,000 from exporting overseas. In this case, “exporting” is classed as invoiced payments received in the company’s UK bank account from another country, and accounted through the UK business.

6. Job Creation: Evidence of continual employment (12 months of at least 30 hours paid work per week) for UK settled workers for 10 full-time jobs or 5 full-time jobs with a mean salary of at least £25,000, evidenced through job contracts, employee records, and pay slips. The Home Office state that FTE’s (Full Time Equivalents) are permitted to be taken into consideration, so two or more part time jobs held by different employees that when combined add up to 30 hours per week will represent the equivalent of a single full-time job, as long as each of the jobs has existed for at least 12 months.

* Year-end or annual accounts must be prepared and signed off by a suitably qualified accountant.



Applying the Success Criteria to teams:

As the guidance for Endorsing Bodies states, If the business has other team members who are applying for, or have been granted, this type of endorsement, they cannot share the same means of meeting these criteria. For example, if 2 applicants are both relying on the requirement to have created 10 jobs, 20 jobs must have been created in total.

Likewise, the same intellectual property cannot be relied upon by multiple migrants. Where IP is used in two applications within the same business, each must be able to demonstrate clearly different R&D projects leading to the development of a further product.

Each product relied upon must clearly have required significant research and development in its own right and not simply represent a subcomponent of a larger filling relied upon by another team member.



Additional points to consider

You must be able to provide evidence that the majority of your activity comes **from your endorsed innovative activities**. We would expect details of your sales broken down into the various income streams so we can prove beyond any reasonable doubt that your endorsed innovative activity has sufficiently contributed to your business growth.

We get that not everything always goes to plan. If you've made a considerable change against what was in your last Endorsed plan, then this should have been approved by your Endorsing Body.

You must provide details of the approval for the change, along with the revised plan and financial forecasts, when you submit your application. You will also need to demonstrate progress against your revised plan and any targets you've set.

The Home Office expect to see progress against your last endorsed plan. If your product, market or forecasts change, then you are not delivering what you were originally endorsed to deliver. You need to provide evidence that any changes have been approved by your Endorsing Body, along with new targets against which they can assess your progress.



What if my application is not accepted?

There may be cases where you believe that you are ready for ILR but we do not agree that you have met the criteria. To clarify the primary criteria:

- To qualify for a Same Business Visa, you need to have shown significant **progress** against your last endorsed plan
- To qualify for ILR, you need to have shown significant **achievements** against your last endorsed plan, **judged against the settlement and success criteria provided by the Home Office.**

When you have not achieved the necessary criteria for ILR, there are two possible options and outcomes:

- If we decide that you have made significant progress against your last endorsed business plan, we may offer you the option of an Innovator Founder (same business) endorsement instead. There will be no additional cost for the reassessment, and this Visa will allow you to continue developing your business towards achieving the settlement and success criteria.
- If you have not made sufficient progress against your last endorsed plan, your ILR application will be refused, and you will not be offered the option of an Innovator Founder (same business) endorsement. In these cases, you must pursue alternative Visa options.

We always take individual circumstances into account and assess every project on a case-by-case basis



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