

Global Immigration alert

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United Kingdom

UK publishes its report on proposed “earned settlement” and citizenship reforms

Executive summary

On 23 June 2026, the House of Lords Justice and Home Affairs Committee in the United Kingdom published its report on the government’s proposed “earned settlement” and citizenship reforms.

The report provides a detailed assessment of proposals to extend routes to settlement and reform Indefinite Leave to Remain (ILR), alongside a broader critique of the UK immigration system. The government is required to respond within two months.

Key developments

Key recommendations are:

- **ILR qualifying periods:** The committee does not support extending the standard ILR qualifying period (e.g., from five years to 10, 15 or 20 years). It considers that longer timelines are likely to undermine integration, increase insecurity of status and raise risks of poverty and irregular status. Their alternative proposal is to retain the five-year route, but considers separating ILR from access to public funds, with No Recourse to Public Funds (NRPF) continuing until 10 years’ residence or citizenship.
- **No retrospective changes:** The report strongly recommends that new rules should not apply to individuals who are already on a route to settlement.
- **Income thresholds and contribution criteria:** The committee calls for reconsideration of income-based measures, including:
 - Thresholds should be set based on Migration Advisory Committee (MAC) advice rather than aligned solely on tax bands.
 - Broader contributions (not just income) should be recognized.
 - Dependents should be able to qualify for ILR alongside the main applicant where the household is financially self-sufficient.
 - Exemptions should apply for:
 - Vulnerable individuals
 - Individuals on maternity leave
 - Unpaid caregivers
 - Individuals with long-term illness/disability

- **Children and settlement pathways:** The committee recommends that children who grow up in the UK should generally receive settled status by age 18. Clear settlement pathways should also exist for those arriving in the country at an older age.
- **English for Speakers of Other Languages (ESOL):** The committee emphasizes that language is critical to integration. It recommends a national ESOL strategy and increased provision to meet this requirement.
- **Immigration fees:** The report highlights concerns about high application costs and recommends capping immigration fees at 150% of processing costs to maintain UK’s competitiveness and accessibility.
- **Significant data gaps impacting policymaking:** The committee identifies a significant data gap across the system, including uncertainty over who is in the UK and migrant outcomes. It recommends urgent publication of exit check data, improved cross-government data sharing and development of linked administrative systems.
- **Home Office operations and system capability:** The report calls for an independent review of Home Office operations, including staffing, processes and technology, along with stronger cross-government coordination.
- **Broader integration and labor market considerations:** The report places strong emphasis on employment as a key driver of integration and highlights that the proposed changes may disproportionately impact lower earners, women and refugees.

Impact on employers

No immediate changes are expected as this is a committee report, not a legislation.

However, the report signals material policy concerns, particularly around:

- Extended settlement timelines
- Retrospective application
- Impact on talent attraction and retention

Employers should note:

- Proposals remain subject to change.
- Retrospective changes remain a key risk area.

The government may need to recalibrate its approach following this report, although reform is still expected to proceed in some form. The government is also expected to respond within two months. Further policy developments and potential legislative changes are anticipated later in 2026.

Key steps

EY will continue to monitor these developments. Should you have any questions, we encourage you to contact one of our immigration professionals.

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