



## **Earned Settlement Reforms: How keeping workers temporary drives exploitation**

**May 2026**

### **Introduction**

The Government’s proposed “Earned Settlement” reforms are framed as changes to immigration policy, grounded in concerns about integration and the fiscal impacts of immigration.

However, the reforms, if implemented, will have significant consequences for the UK labour market. By extending the time migrant workers are required to remain in temporary immigration status, they will drive up levels of labour exploitation and weaken labour standards.

These outcomes not only pose serious concerns regarding people’s access to rights, including employment rights in the UK, but also undermine the stated aims of the Government’s reforms. Evidence shows that prolonged immigration insecurity reduces economic progression, weakens labour market enforcement, and creates barriers to integration.

This briefing has been produced by Focus on Labour Exploitation (FLEX). FLEX is a charity that has been working to end labour exploitation in the UK since 2013. We do this by delivering a leading programme of policy analysis and research which exposes how structures in the mainstream economy create risks of labour exploitation. Our work has had a focus on sectors which rely on migrant workers on short term or restrictive immigration status, such as seasonal agricultural work, care work and domestic work, hospitality, and outsourced sectors, such as cleaning.

This briefing highlights our learnings from workers with short term and restrictive immigration status as a projection for the impacts of the government’s proposed changes to settlement and related immigration rules. We set out the implications of keeping large sections of the UK workforce in long-term temporary residence, with multiple dependencies on their employer, as well as the urgent need to reverse the earned settlement proposals. We make the case that all workers in the UK must be recognised as workers with options and security, in order that they can meaningfully access rights in practice.

## Proposed immigration changes; Settlement and work visas

### *Proposed changes to settlement*

Settled status, or Indefinite Leave to Remain (ILR), allows individuals to live and work permanently in the UK, free from immigration restrictions. It also permits access to public funds and is a pre-requisite for British citizenship.

At present, most work visas have a 5-year route to settlement, subject to meeting other eligibility criteria including language proficiency and minimum earnings thresholds. Until settlement is reached, visa holders face significant restrictions. These include limits on the type of work they can undertake, who they can work for, and their access to public funds. Crucially, many workers are tied to employers who also act as their visa sponsors, creating overlapping dependencies that heighten the risk of exploitation. Challenging poor working conditions or leaving a sponsoring employer can result in the curtailment of immigration status, loss of employment, and potential destitution.

These conditions extend beyond the workplace, shaping workers' personal lives. The risk of losing employment and immigration status can discourage workers from taking time off when ill, becoming pregnant, or prioritising caring responsibilities given the potential consequences for meeting visa requirements.

For those on lower-paid visa routes, additional constraints often apply, including restrictions on bringing family members to the UK. In practice, this means that migrant workers are in the UK on probation, having to continually prove their value and productivity as workers for their immigration status to remain valid.

A pathway to settlement that is not unduly long would better recognise workers' contributions and provide greater security. In turn, this would reduce dependency on individual employers and enable more meaningful labour market mobility and protection from exploitation.

Under the proposed reforms to settlement:

- The standard qualifying period for settlement will increase from 5 to 10 years.
- Many workers—particularly those employed in medium-skilled and lower-paid sectors—could face 15 years or more before becoming eligible for settlement.
- Higher earnings thresholds and English language proficiency criteria will be introduced
- Penalties for factors such as periods of overstaying or accessing public funds, will extend routes to settlement even further—in some cases beyond 20 years.
- People granted refugee status or other forms of international protection will not have a clear or automatic route to settlement after five years. They will need to demonstrate their ongoing need for protection and continued compliance with immigration requirements before becoming eligible for permanent status.

### *Immigration White Paper 2025*

These proposed reforms come alongside wider labour migration reforms,<sup>1</sup> including:

- Raising the skills threshold for Skilled Worker visas to RQF Level 6 (degree level)
- Increasing salary thresholds
- Plans to abolish the Immigration Salary List in December 2026 and replace it with a

new Temporary Shortage List (TSL) for medium-skilled roles. This will be limited to roles which are necessary for building critical infrastructure.

Overall, the reforms have been presented as a means of reducing the UK's reliance on migrant labour. In practice, however, migrant workers who come to the UK in good faith—often having been actively recruited to sustain essential, under-resourced sectors, such as in the care sector—risk becoming locked into prolonged dependency on their sponsoring employer in order to maintain their immigration status and progress towards settlement.

This will reproduce dynamics already associated with visa routes that offer no pathway to settlement, such as the Overseas Domestic Worker visa and the Seasonal Worker visa, both of which are widely recognised as creating a heightened risk of exploitation and abuse.

### ***Who is affected?***

The proposed changes would introduce a system in which settlement must be “earned”. In practice, this means that some individuals may become eligible for settlement more quickly by meeting higher earnings thresholds, maintaining continuous employment, demonstrating English language proficiency, or fulfilling other contribution-based criteria.

Conversely, periods of low pay, insecure or interrupted employment, reliance on public funds, visa overstaying, or failure to meet evolving eligibility requirements may extend the route to settlement significantly.

As a result, the proposals are likely to have the greatest impact on workers employed in sectors already characterised by:

- Lower pay
- Higher levels of employer control
- Persistent labour shortages
- Existing risks of labour exploitation

Under the proposals, many workers in these sectors could spend decades without secure immigration status. Our research shows that this insecurity makes it significantly more difficult for workers to challenge poor working conditions or report exploitation, including unpaid wages, denial of holiday pay, excessive working hours, or overcharging for accommodation tied to employment.

Workers in these sectors may also be less able to benefit from improvements in labour protections introduced through the Employment Rights Act 2026. In practice, the fear of losing employment, sponsorship, or immigration status discourages workers from speaking out, creating a real risk of declining standards and the emergence of a two-tier workforce in which migrant workers are structurally less able to assert their rights.

## What Parliament already knows

An Inquiry by the Home Affairs Committee<sup>2</sup> has identified key risks associated with the Earned Settlement proposals. These include:

### **1. Increased risk of labour exploitation**

The Committee warns that extending temporary status “risks increasing exploitation and poverty” for workers. This is driven by:

- Extended dependency on employers
- Reduced ability to leave exploitative work
- Reluctance to report abuse due to immigration consequences

### **2, Disproportionate impact on specific sectors**

The Committee highlights the potential for serious impacts on workforce stability and labour exploitation in:

- Adult social care
- Other medium-skilled, lower-paid sectors

### **3. Damage to integration**

The Committee notes that the proposals reduce opportunities for integration:

- Temporary status creates uncertainty and undermines belonging
- Financial and legal insecurity limits long-term planning

By contrast, secure status supports economic participation and community integration

### **4. Labour market risks**

The Committee’s findings show that prolonged temporary status carries clear risks for workers, key sectors, and the wider economy:

- Longer routes may limit job progression and mobility
- Workers may experience worse employment outcomes over time
- This may lead to lower overall economic contribution, undermining fiscal objectives

Recent data from the Migration Advisory Committee and the Home Office also raises serious questions about the economic rationale for the reforms.<sup>3</sup> While government ministers initially suggested that proposed changes would prevent up to £10 billion in future fiscal costs, subsequent analysis indicates that the direct savings from delaying settlement may be closer to £600 million over a ten-year period. Furthermore, any projected savings will likely be offset by reduced tax revenues and wider economic costs if the changes suppress migrants’ wage progression by prolonging dependency on sponsored employment and/or discourage higher earners from coming to the UK.

Overall, the reforms undermine both labour market outcomes and the Government’s stated fiscal objectives.

## Learning from short term and restrictive work visas

Evidence from across different sectors and UK labour migration routes shows that the risks identified by the Home Affairs Committee are not speculative.

Restricting access to settlement increases vulnerability to exploitation by keeping workers in a prolonged state of insecurity. The Earned Settlement proposals will extend these conditions across a much larger group of workers.

Many migrant workers in the UK are employed under employer-sponsored visas. This means that:

- Their right to remain in the UK is dependent on a single employer;
- Losing their job can lead to loss of immigration status; and
- Changing employer is difficult, slow, or practically inaccessible

This creates a fundamental power imbalance because where a worker's legal status depends on their employer, the ability to refuse exploitation is severely constrained. Short-term visas which are dependent on an employer who is the visa sponsor make it more difficult to challenge poor working conditions and can drive exploitation, particularly in sectors which are already under-regulated and recognised as high risk.

This has system-wide consequences:

- Labour laws exist, but their enforcement leaves the worker worse off as they lose their immigration status as well as their job
- Non-compliant employers face reduced risk of sanction due to workers' fears of the consequences of speaking out
- Exploitative practices can spread across sectors as non-compliance becomes normalised

Evidence from existing temporary migration routes further demonstrates these risks. For example, the short-term and highly restrictive visas issued under the Seasonal Agricultural Workers' Scheme, rather than providing a model, have been shown to cause significant harm to workers, including debt bondage linked to recruitment fees, barriers to leaving abusive employers, and widespread under-reporting of abuse.<sup>4</sup>

Our research findings are clear: exploitation is not primarily the result of a minority of "bad employers"; it is a predictable outcome of policy design. Immigration policies that keep workers temporary, dependent, and immobile will produce exploitation.

To prevent exploitation, work visa systems must enable workers to change or leave jobs in practice without jeopardising their immigration status. This includes ensuring genuine labour market mobility, access to independent advice and enforcement mechanisms, and protection from retaliation when raising concerns—principles set out in FLEX's blueprint for safe and fair migration.<sup>5</sup>

## How to address the immigration–employment nexus

The UK already has extensive evidence about the impacts of keeping workers on short term work visas from existing visa routes: keeping workers in insecure immigration status increases vulnerability to exploitation and weakens labour standards. The proposals for Earned Settlement risk extending these conditions across the migration system. Parliament should assess these proposals not only as immigration policy, but as a fundamental restructuring of the UK labour market.

At the same time as introducing these reforms, the Government is implementing an Employment Rights Act, described as the biggest uplift in workers' rights in a generation. This has established the Fair Work Agency (FWA), a Single Enforcement Body, to strengthen labour market enforcement. However, expanding reliance on short-term visas through immigration reforms undermines these efforts by making it harder for workers to safely report exploitation or remain in the UK to pursue claims. This reveals a fundamental lack of coherence across Government policy, with measures to tackle labour exploitation being introduced alongside reforms that risk increasing it.

To make sure all workers can access rights in practice, immigration policy must be aligned with labour standards, ensuring that all work visas have enough options to enable workers to access rights in practice:

- Secure reporting pathways should be introduced to ensure that all workers can report workplace violations without fear that their personal data will be shared with immigration enforcement.
- All work visas should have a route to settlement, achievable within a reasonable timeframe and salary and skills threshold.
- Reduce employer dependency by all work visas having structures which enable workers to move between jobs safely. Alternatives to the sponsor model should be examined, such as sector wide visas.
- The UK should introduce a Workplace Justice Visa, or bridging visa mechanism to enable workers to take claims against their employers knowing they are protected against any negative immigration repercussions, by being able to 'bridge' onto a different immigration route, or by being protected against their visa being cancelled

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