

## Response to the Home Office consultation on Earned Settlement

### About TheCityUK

TheCityUK is the industry-led body representing UK-based financial and related professional services. Our purpose is to champion and support the success of the UK-based financial and related professional services ecosystem, and thereby our members. The industry we represent is a national asset, contributing over 12% of the UK's total economic output and employing almost 2.5 million people, with two thirds of these jobs outside London across the country's regions and nations.

The industry plays an important role in enabling the transition to net zero and driving economic growth across the wider economy through its provision of capital, investment, professional advice, and insurance. It also makes a real difference to people in their daily lives, helping them save for the future, buy a home, invest in a business, and manage risk.

### Summary

1. Industry supports the government's aim of upholding public confidence in the UK immigration system. This requires balancing immigration controls, social cohesion, and wider policy objectives, including promoting UK economic growth and competitiveness. Industry recognises the government's intention to create a settlement system that rewards meaningful contribution, integration, and sustained engagement with the UK, while sending a welcoming signal to top international talent.
2. The government's Industrial Strategy, and the Financial and Professional Services sector plans, correctly recognise that the ability to mobilise global talent is a critical component of the UK-based financial and related professional services industry's success. Therefore, we are concerned that the proposals set out in this consultation risk conflicting with the broad intention to position the UK as a global destination for high-skilled talent and run counter to wider industrial strategy objectives, including supporting regional growth and the global competitiveness of the UK.
3. Our key concerns and recommendations include:
  - **Salary thresholds and regional impact:** The proposed £50,270 and £125,140 thresholds for accelerated settlement timescales do not reflect regional pay variations, or early-career salaries. There should be consideration of regionally informed and progression-based thresholds.
  - **Effects on dependants:** The attractiveness of the UK rests not only on the main applicant's pathway to settlement. The potential for significantly different qualifying periods for adult dependants, and increased uncertainty surrounding the status of dependent children, will have consequences for high earning applicants' broader



perception of the complexity and attractiveness of the UK system. There should be alignment for dependants' qualifying periods, potentially via consideration of household income, not only individual earnings, and there needs to be clarity on how the rules would apply to children nearing adulthood.

- **Retrospectivity:** Applying new qualifying periods to individuals already in the UK immigration system risks damaging the trust of individuals and employers, and undermines the UK's wider claims to regulatory predictability and stability as drivers of its competitiveness. We strongly encourage the government to introduce a transition period and grandfathering protections for individuals already in the immigration system, who will have planned their careers, family life, and financial commitments, on the current rules.
- **Additional complexity and cost for employers:** The proposals introduce significant uncertainty for employers and individuals, making workforce planning, cost forecasting, and compliance significantly more burdensome than under the current regime. Industry needs clear definitions and evidence requirements across all four pillars (character, integration, contribution, residence) with worked examples. If the system introduces greater uncertainty, for example by moving to settlement timescales dependent on applicants' salary progression which cannot necessarily be foreseen by employers, there should be flexible and efficient refund mechanisms for employers' visa and skills-charge fees.

## Contribution: salary thresholds and regional impact

4. We recognise that the proposed reduction in time to settlement for high earners is relatively generous and is intended to send a welcoming message to top talent. However, the proposed £50,270, and £125,140 thresholds do not reflect regional pay variations, early-career salaries, or the structure of progression and long-term talent pipeline planning across the industry. For example, students are permitted to earn the new entrant rate for 4 years, but are expected to earn the suggested salary for 3 years before earning settlement. This will prevent students from potentially qualifying until 7 years, reducing the attractiveness of the UK to international students.
5. The government should consider progression-based or regionally informed thresholds and provide clear mechanisms to avoid unintended penalties for career breaks (e.g. maternity, paternity, or caring periods) or short-term rotation with an employer's overseas office.

## Eligibility: dependants and retrospectivity

6. The proposal to move away from the existing treatment of dependants, (whereby they are likely to qualify for settlement at the point that the principal applicant is granted settlement without having to meet any additional conditions), will have a negative impact on the UK's attractiveness to top talent, despite the accelerated timescales proposed for high earning individuals. As we understand the proposals, a couple could be on settlement tracks with as much as seven years between them (where a high earner obtains settlement in three years while their partner or spouse may obtain it in ten years). The potential for this scenario, and the lack of clarity on how child dependants will be treated under the new rules (with



consequences for education costs), is already having a chilling effect on international recruitment.

7. There should be alignment between the main applicant and dependants' qualifying periods, potentially via consideration of household income, not only individual earnings, and there needs to be clarity on how the rules would apply to children nearing adulthood.
8. Migrants already in the country under the Skilled Worker route have a reasonable expectation that they should be able to settle after 5 years. Changing this could substantially change these migrants' circumstances; for example, they could be at 4.5 years' residence already, but suddenly need a further 5.5 years' residence to reach settlement. The current proposal to apply the reforms to all individuals already in the UK regardless of their stage in the immigration journey risks undermining the UK's international reputation for fairness, stability, and predictability, all of which are central to the UK's wider value proposition as a world-leading international financial centre.
9. We encourage the government to implement a clear transition period and/or grandfathering protections for those already in the UK immigration system who have already planned their careers, family life, and financial commitments based on the current rules.

## Impact on organisations: increased complexity, uncertainty, and costs

10. The proposed individualisation of qualifying routes to settlement will introduce greater uncertainty and complexity for employers' workforce planning, which will push up costs. For example, for international hires on salaries below or between the proposed thresholds, employers will not know how long they may need to sponsor them before they will qualify. This would have knock on implications for associated visa costs and charges.
11. Industry needs clear definitions and evidence requirements across all four pillars (character, integration, contribution, residence) with worked examples if the system is to be workable.
12. If the system introduces greater uncertainty, for example by moving to settlement timescales dependent on applicants' salary progression which cannot necessarily be foreseen by employers, there should be flexible and efficient refund mechanisms for employers' visa and skills-charge fees.

## Conclusion

13. The ability to attract and retain top international talent enables businesses to tap into essential skills, spur the innovation, and attract the investment necessary to reinforce the UK's status as a leading global financial centre. The financial and related professional services industry also recognises the importance of investing in domestic talent development, including by reskilling and upskilling. The development of domestic talent is best supported by participating in a globally competitive and dynamic industry.
14. It is important that government takes into account the cumulative impact of immigration policy changes on the UK's attractiveness to top global talent. We note that recent policy



changes, including to salary thresholds, have already contributed to the fall in net immigration following the unusually high levels seen after the pandemic. Equally, location decisions are taken based on a broad range of factors, and recent policy changes elsewhere, such as in the tax regime, can conflict with the intended welcoming message to top talent.