



**PRACTICAL STEPS TO SECURE THE
FUTURE OF YOUR WORKFORCE**

Business Immigration Report 2019

About the survey

During November 2018 we conducted a survey of mid-market businesses across the UK to understand the current and potential future impact of Brexit on workforces, and what they are doing to prepare.

Reflecting the breadth and depth of the UK's business landscape, our survey profiled 132 decision-makers responsible for making workforce and staffing decisions in mid-market businesses, with turnovers between £10 and £150 million. Almost three quarters (71%) were operating at C-suite or senior management level.

This report reveals the current and anticipated business immigration challenges of UK mid-market businesses, and provides practical assistance for the future, including:

How to continue to access talent from the EU

How to explore talent in global markets

How to relocate your talent to the UK

How to keep your own talent



Ever since the UK took a leap into the unknown and made the decision to leave the EU over two and a half years ago, people have been at the heart of the conversation.

For businesses themselves – and the individuals they employ – the turbulent landscape has been a huge cause for concern.

Whatever the route to exit, strategies must be put in place now to secure the rights of EU workforces here in the UK and lay the foundations for successful recruitment channels to be opened in the future.

Every business and every workforce is unique; there is no set formula or template to work from. This means that you will be facing different challenges depending on the make-up of your workforce and how your business operates. There will however be one common factor at the heart of all of your challenges: **people**.



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Businesses across the UK are feeling the effects of Brexit, not least the uncertainty posed by changes to the domestic and international immigration landscapes. Our survey comes at a time when the UK is in the midst of the Brexit process.

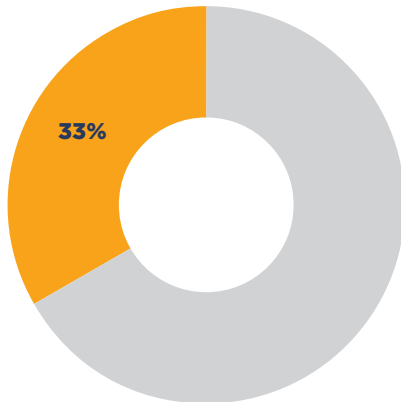
The results of our survey show the close ties that the UK business community has with Europe, as fewer than half of respondents stated that they exclusively operated and traded within the UK.

The international perspective has also been represented within the survey sample - whilst the majority of respondents had employee bases primarily made up of UK workers, 31% of the businesses surveyed employ over 50 EU workers, with 12% having more than 3,000. This shows the significant co-dependency between the UK and EU marketplaces when global mobility is concerned. And, with many British companies relying on retaining and protecting EU migrants, the scale of the disruption which could occur should businesses fail to make provisions, could be significant.

But with a constant stream of information from the Government about the best course of action to take with regards to safeguarding your workforce, choosing the right path forward can be a challenge. This report is intended to give practical and actionable support and guidance to best prepare businesses and employees for the UK's future outside of the EU.

Accessing talent from the EU

For businesses that rely heavily on EU migrant labour



1 in 3 businesses experienced a decrease in EU workers coming to the UK

Since the triggering of Article 50 on 29 March 2017, the flow of EU migrants choosing to find employment in the UK has slowed. Of the businesses profiled, 1 in 3 have already experienced first-hand a decrease in the number of EU workers coming into the UK, and 26% have recruited fewer EU workers since March 2017.

This receding tide of people is widely expected to continue, with nearly half of all respondents feeling that the EU talent pool is going to shrink further as the Brexit process continues.

However, the situation is not all bleak. The first phase of the EU Settlement Pilot Scheme is well underway and has been met with positivity. This application forms part of the process for gaining settled status, which will allow EU citizens to continue living and working in the UK after 30 June 2021. Despite being in its initial phases, the process is working smoothly and of all the applications made, the overwhelming majority (95%) have been processed in an efficient and timely manner.

Being aware of the options is important and whilst the mechanisms are in place to allow EU migrants to secure their rights to live and work in the UK going forward, adopting a proactive attitude is highly important.



EU workers

Here are our top five steps to take to protect EU workers living in the UK:

1 Review employment profiles

Before making any decisions about the workforce post-Brexit, it's essential to understand the business' employment landscape. This includes knowing the number of EU employees in the business and their individual immigration statuses. Once organisations have got an idea of which workers will be affected and how, plans can be put in place to help secure their residency rights.

2 Confirm records

It's essential that every employer diligently undertakes right to work checks for every employee. While this would have been completed pre-employment, an audit of your workforce is always a useful exercise. These checks provide vital information about the make-up of the employee base and ensure that all employer obligations are fulfilled correctly.

3 Start a dialogue

Uncertainty has been a core theme throughout the whole of the Brexit process. For EU workers, gaining reassurance that their future in the UK is safe, or at least being taken into account, is highly important. As an employer, letting staff know that you will do everything practically possible to support their future employment and that they will remain integral parts of the team and business will be welcomed. How this is communicated may differ between businesses but some examples include immigration workshops, Q&A sessions or business-wide surveys.

4 Budget for the future

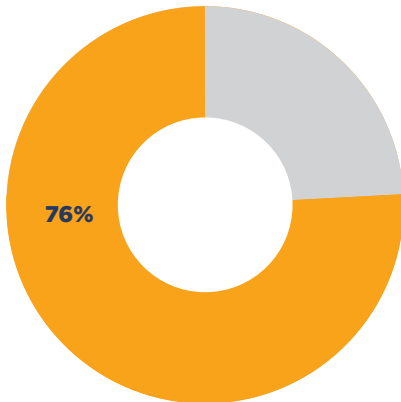
EU workers now have confirmation that as long as they meet certain criteria, they will be able to apply for settled status to remain living and working in the EU post-Brexit. However, it's essential to consider whether the business will have to recruit from further afield outside the EU. If this is the case, it's important to assess whether the cost is manageable and put the contingency funds and plans in place to support this strategy. This may require consultation with experts to navigate you through the current immigration system and assist you with projections.

5 Build close links with your people

Employees are at the heart of any business, ultimately, they're what make it tick. It's been a turbulent time for non-UK nationals since the Brexit vote and whilst there is now some clarity, there's still the potential for more disruption ahead. Developing a meaningful bond between management and employees is a shrewd move, showing that the business is listening and acting on any future changes to the immigration system.

Exploring talent from other markets

For businesses looking to recruit from non-EU markets



76% of businesses have no contingency funds for future recruitment outside of the EU

Recruiting from the EU is set to be much more difficult and many businesses will be looking across the globe, tapping into other talent pools to fill skills gaps in their businesses. However, with only 9% of respondents in the survey stating that the number of migrants recruited into their organisations since March 2017 had increased, and 86% saying this hasn't changed, many UK businesses will find themselves needing to move swiftly if overseas markets are going to be used to plug talent gaps.

Until now, sourcing workers from EU markets has been a relatively straightforward process, compared with the rest of the world. The report shows that streamlining this should be a high priority, with over two thirds (69%) of business leaders believing that the Government must reduce red tape in order to smooth the path to sourcing skilled workers from non-EU geographies.

Switching from recruiting EU to non-EU workers unfortunately is not as simple as flicking a switch. Businesses must realise that attracting and protecting talent from further afield does come with increased costs and administrative responsibilities.

In many cases, as demonstrated through the research findings, a large proportion of businesses are yet to consider the extra capacity and resource needed for future recruitment outside of the EU and 76% of respondents said they have not yet prepared any contingency funds for this.

As a business, applying for sponsor licences and Tier 2 Visas can see costs rack up, but this is a situation many organisations may find themselves in if forced to look further afield than the EU to fill their skills gaps.

How much does a Tier 2 Visa cost for a single applicant on a 3-year contract?*

Application fee	Approx. £600
Immigration health charge	Approx. £1,200
Immigration skills charge (per year of contract)	£1,000 to £3,000
Certificate of Sponsorship	£200
Priority visa service	£250
TOTAL MINIMUM COST	£5,250
Visa costs for spouse and two children	£6,000
TOTAL MINIMUM COST FOR A FAMILY OF FOUR	Approx. £11,000

* Figures based on Government fees as at 1 January 2019.



Global

Whilst cost is a major factor, identifying and tapping into the correct markets, where the best talent can be identified for the business, is a worthwhile exercise. In recent years, different geographies across the globe have gained reputations for being rich seams of specific skillsets. For instance, computer science specialists from the United States, consumer electronics experts from South Korea, programmers from China or aeronautical engineers from Russia.

Identifying these new markets is an important first step, so where in the world should businesses be looking to recruit their skilled talent?¹

GERMANY

German workers have a long-established reputation for engineering and technology. Its attractiveness as a studying location for budding engineers also means that it produces some of the highest-skilled and most technically-minded candidates in the world.

USA

The United States, California in particular, is a global hotbed for computer science talent. Its universities dominate global rankings and its graduates are some of the most in demand worldwide. However, this dominance is now being challenged by other countries, such as India and China.

ISRAEL

Considering its relatively small size, Israel is a world leader in the field of biomedical research. The country spends significantly on innovation in this area and has produced a high number of Nobel Prize winners: one for every 1.6m inhabitants, in comparison to 4.4m in the UK and 10.8m in the US.

FINLAND

In a world where tech prowess is king, Finland is the only EU country not to be suffering from a shortage of skilled ICT and computer science professionals.

SOUTH KOREA

On a global stage, South Korea has an enviable reputation for consumer electronics. Its prominence in this area, fuelled by large amounts of GDP spending on R&D, has made it one of the world's most innovative economies.

INDIA AND SRI LANKA

Both of these countries are regarded as rich seams of talent for IT sector professionals.

CHINA & RUSSIA

In a 2016 survey by HackerRank, China and Russia held the top spots as the two global countries with the best programmers and computer scientists. Russia also has a reputation for highly-skilled employees in the field of aeronautical engineering.

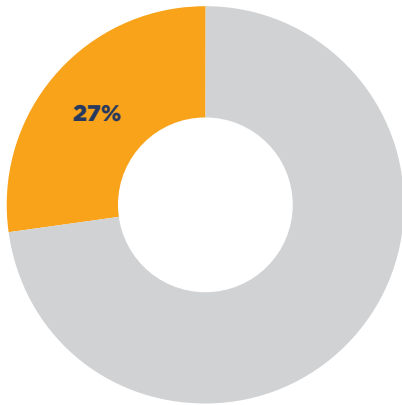
AUSTRALIA

Anecdotally, Australia is often focused on for its high number of technical engineers.

¹<http://www.cedefop.europa.eu/en/news-and-press/news/skill-shortages-europe-which-occupations-are-demand-and-why>; <https://www.bbc.co.uk/news/business-24131534>; <https://www.businessinsider.com/which-countries-have-the-best-computer-programmers-2016-8?r=US&IR=T>

Relocating your talent to the UK

For businesses considering moving workers to the UK from international hubs



Only 27% of businesses have analysed the impact of immigration changes

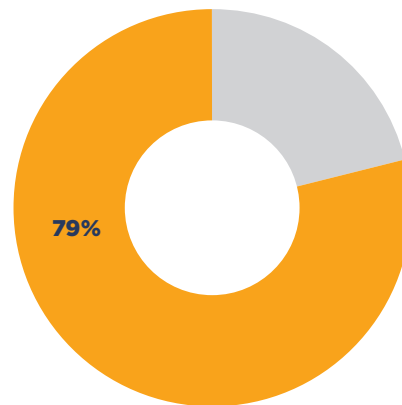
Many businesses already have global reach, with outposts and offices around the world. For those with operations in Europe, questions will be arising about the protection their employees will have going forward. However, it's important to stress that measures will be put in place by both the UK and other EU member states to ensure that come 29 March, UK workers in foreign offices will not be forced to immediately return home.

Much in the same way that the UK Government is allowing EU migrants to apply for settled status, British workers in other European territories will most likely be allowed to stay, however this will depend on the immigration system of the individual jurisdiction in which they reside and work.

Businesses with global networks could find themselves having to seriously analyse the spread of their international business and what it means for their workforce. However, the survey results show that some organisations are being sluggish in this regard. Only 27% have analysed the impact of potential immigration scenarios on their workforces and 39% of those surveyed say they have no plans to.

Luckily, this is countered by a more positive attitude to updating internal HR processes to adapt to the ever-changing world. The vast majority (79%) of business leaders state that they do have plans in place to train staff responsible for HR and recruitment on upcoming changes to immigration rules, arming themselves with the skills and knowledge to implement plans for the future.

In many cases, having a global network could be advantageous, particularly when relocating talent to the UK. Having a UK business attached to an overseas office means that organisations can move staff back and forth via intracompany transfers. The UK operation can also act as an advantageous hub, allowing future work assignments in the UK to be easily facilitated. Without evidencing this business link, moving global staff to the UK in future could prove difficult.



Majority of businesses are training HR teams on upcoming changes to immigration rules

Successfully moving talent to the UK is underpinned by keen business strategy. It's important to understand the global spread of the workforce, including how they will be affected by immigration changes, and undertake scenario planning to assess how the global workforce may be affected in future months and years.



Relocation

Relocating employees around the world can be a tricky process, particularly when it involves navigating several different immigration systems.

Here is a quick reference guide to some of the themes and terms that businesses are most likely to come across.

Tier 2 General Visa

For non-EU migrants, the UK operates a 'points-based' visa system, which has several different tiers, depending on the type of applicant and their reasons for coming to the UK. In the business world, the Tier 2 (skilled) worker visa is most relevant and allows the applicant to stay for up to five years and 14 days, although this can be extended. Businesses will be required to apply for a sponsor licence before recruiting any non-EU skilled workers and to meet any minimum salary requirements for the specific role. The timeline for getting this visa is usually around three weeks, however this depends on individual circumstances.

Intra Company Transfers (ICT)

Moving employees within the same business between the UK and other geographical locations requires navigating the Tier 2 Intra Company Transfer process. This functions in much the same way as the Tier 2 General Visa but cannot lead to relocation to the UK. Employers will need to gain a sponsor licence and fulfil minimum salary requirements, as well as ensuring any contractual agreements correctly reflect the nature of the work and transfer. This route is quick and unlike the Tier 2 General process, employers do not have to demonstrate a shortage for these particular skills in the UK market. However, intracompany transfers can only be undertaken if a role has been offered in the UK branch of an organisation and there is a demonstrable link between origin and destination offices.

Minimum salary requirements

One of the largest cost implications for employers looking to recruit skilled non-EU migrants is the minimum salary requirements for the role. The UK's current points-based system requires that jobs applied for using the Tier 2 system pay an 'appropriate' salary. In many cases, this is considerably more than the amount which might be paid to a UK worker, representing a significant cost which should be taken into account. For example, a role which might pay £20,000 p.a. to a UK worker, may have a price tag of over £30,000 p.a. attached for a non-EU migrant.

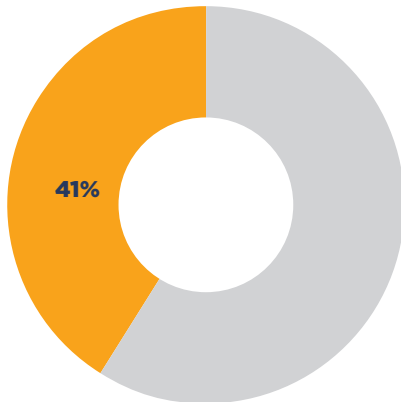
How long will it take and how long can they stay?

As with most cases of navigating an immigration system, moving people across geographies to the UK can take some time. The average processing time for Tier 2 General Visas is usually around three weeks, however considering the additional administration required, businesses should leave as much time as possible to get arrangements finalised. The process can be expedited for an additional fee. In terms of time the Tier 2 General Visa allows employees to remain in the UK for a maximum of six years. However, they can apply to settle in the UK after five years. For ICTs employees are typically allowed to stay for five years and one month, however they can continue to extend this for up to nine years if they are earning more than £120,000 for the duration of their UK assignment.



Keeping your homegrown talent

For businesses looking to develop their talent pool closer to home



Almost half of businesses have already experienced a decrease in talent and skills

Recruiting from overseas understandably requires significant amounts of capital resources, which many businesses simply don't have access to. In those cases, organisations would be wise to look closer to home and tap into local talent pools to maintain their flow of skilled workers.

With 41% of businesses already experiencing a decrease in the availability of talent and skills since March 2017, and nearly half (49%) of respondents saying that they had no plans to budget for staff retention post-Brexit, the skills gap is suddenly put into perspective.

Compounded by the fact that only 27% of respondents have begun to upskill their current workforce, and nearly a third (31%) of businesses state that they have no plans to do this, it is clear that forging links with local sources of talent is going to be of paramount importance. This is true not only for businesses themselves, but for the UK economy as a whole.



UK

In the UK, there are a wealth of skills and training programs available for businesses and individuals to engage with, here's a list of our top tips for keeping and developing homegrown talent:

Engaging with local education institutions

No matter what skill levels are required by an organisation, forging links with colleges, universities and other training institutions is essential. Promoting the fact that a business is on the hunt for employees and explaining the in-house training opportunities on offer will help ensure that prospective candidates know the types of jobs available in the local area. Forging links with careers officers or training representatives will be beneficial in the long run and will help create a valuable talent pipeline.

Invest in upskilling

Whilst external recruitment of foreign workers may become more challenging, it's often easy to overlook the abundance of potential already in the business. Many employees are eager to take on more responsibility and develop their careers: allow them to do this by providing the support where necessary to help them grow. Promoting employees up through the business means that an amount of time and resource can be saved on onboarding external hires and starting from afresh. As an employer, investing time in improving your people's skills won't go unnoticed and will help foster a positive reputation for the business as an excellent place to work in the wider industry.

Tap into apprenticeships

The drop off in European labour post-Brexit in many ways provides an opportunity for the UK apprenticeship scheme to thrive. As an employer, investing the time and resource in building the careers of young people, through supporting studies and offering on-the-job training, will make the business more resilient to future immigration changes and make great strides in helping to plug the UK's skills gap.



Take action

Even amidst all the uncertainty of Brexit, the message from a business immigration perspective is a simple one: there is light at the end of the tunnel.

Although many UK businesses will no doubt feel the impact if barrier-free recruitment of EU workers comes to an end, there are options available.

As an employer, you have certain responsibilities for your workforce and will have a keen eye on maintaining operations, as well as profitability. Guiding your workforce through the immigration system with a steady hand will be crucial – reputationally and financially. Equipping your workforce with as much knowledge as possible will ensure that their options are clear, whether that includes assisting EU migrants with the paperwork and documentation required to apply for settled status or indefinite leave to remain, or advising UK workers currently residing in other EU member states on their options.

Being as prepared as possible applies to future recruitment strategies too. Preparation and planning an international talent recruitment and retention strategy to support the business' future at the earliest possible stage, has never been more important.

Cutting through the noise of announcements about immigration may seem like a challenge, but the support and information is out there to enable businesses to ride out any turbulence and thrive in the future.

This report has been prepared for general information only and its contents should not be relied upon as advice on law or business. You should take professional legal advice on your organisational needs.



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