



The Best Connection

EMPLOYMENT GROUP 

Brexit Update

August 2020

Contents

- Brexit – WHERE WE ARE NOW: Negotiating the future relationship
 - EU Settlement Scheme Data
- Statistics relating to COVID-19 and the immigration system, May 2020
 - The UK's points-based immigration system
 - Labour market
 - What are the options?
 - Client information



Brexit – WHERE WE ARE NOW: Negotiating the future relationship



Current Situation

The United Kingdom left the European Union - now an economic and political partnership of 27 countries – on January 31, 2020, concluding 47 years of British membership of the EU and the institutions that preceded it.

Attention has since turned to negotiating the future EU-UK relationship beyond a transition period that ends on December 31, 2020 - heralding abrupt and major changes unless there is an agreement.

Meeting this tight deadline was going to be a huge challenge, even before the fierce onslaught of the coronavirus pandemic, however, despite a stalemate, an extension to the transition period has been ruled out.

Both sides now aim to strike a deal on trade and the future UK-EU relationship to come into effect when the transition period expires at the end of December. During this period, many existing arrangements will remain in place.

Come January 1, 2021, the UK will no longer be part of the EU's Single Market and Customs Union and subject to an agreement, all legal aspects of Britain's membership of the bloc will cease to apply. The negotiations, which began in March 2020, cover trade in goods plus a wide range of other areas including services, fishing and farming, aviation, security co-operation, data policy, education and science.

Without an accord, the UK will thereafter be legally considered a 'third' country by the EU, creating significant barriers to trade and other aspects of life. Both sides' red lines have raised fears that no deal may be reached, bringing with it an abrupt, damaging 'cliff-edge' scenario at the end of 2020.



EU Settlement Scheme Data

The EU Settlement Scheme (EUSS) launched on 30 March 2019 enables resident EU, other EEA and Swiss citizens and their family members to obtain UK immigration status. Further information about the EU Settlement Scheme can be found [here](#).

The scheme is a simple digital system which allows EU, EEA and Swiss citizens who are resident in the UK to obtain, free of charge, settled status or pre-settled status in the UK. Find out more about what settled and pre-settled status means [here](#).



Current figures from the Home Office internal management information show

Total number of applications as of 31 July 2020

3,783,100

Total number of concluded applications as of 31 July 2020

3,592,700

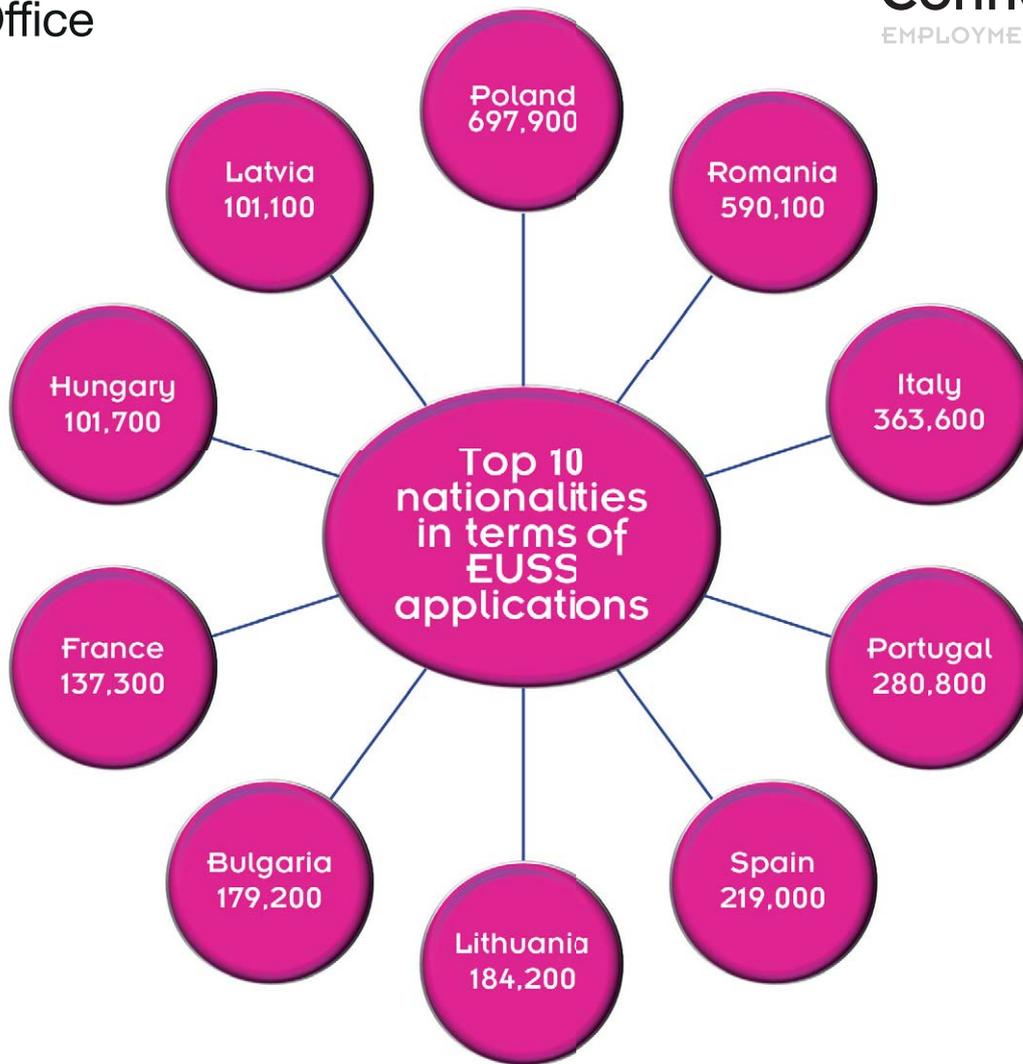
Total number of applications by nation as of 31 July 2020

England	Scotland	Wales	Northern Ireland
3,467,200	190,600	62,700	62,600

Concluded applications by outcome type as of 31 July 2020

Settled Status	Pre-settled status	Refused	Withdrawn or void	Invalid
57% (2,041,200)	41% (1,475,500)	<0.1% (4,600)	1% (36,500)	1% (34,900)

The next quarterly EU Settlement Scheme statistics will be published in August 2020.



According to a recent report from the Migration Observatory, the number of EU nationals in Britain who will be left undocumented after Brexit could be far higher than the Home Office forecasts. It also warns that unless the department invests in new data it will be impossible to know how many people are set to lose their status.

In April 2020, the government estimated that 3.4 million non-Irish EU citizens were living in the UK. However, the report warns this is not a good guide to the numbers of people eligible to apply to the EU Settlement Scheme and that the actual figure could be considerably higher.

So far, over 3.4 million EU citizens have been granted authority to remain in the UK under the settlement scheme, for which the deadline is currently set at June 2021.

The report notes that official estimates of the EU citizen population in the UK exclude or undercount several groups of people, including those living in dormitories, care homes and caravan parks. It also points out that the Home Office figures would be inflated by an unknown number of people who applied for status but then emigrated from the UK.

The Best Connection is gathering data, using surveys and direct contact with workers, that will be used to measure the number and characteristics of people who have not secured status.



Statistics relating to COVID-19 and the immigration system, May 2020

The Home Office published an additional one-off report on 28 May 2020 that gives a statistical overview of COVID-19 impact on the UK’s immigration system, including the EU Settlement Scheme, through to the end of April 2020.

The COVID-19 pandemic has had a significant impact on the UK immigration system, both in terms of restricting migrant movement to and from the UK and the impact on operational capacity.

The information in this report was designed to provide an overview of the main impact COVID-19 has had on the UK’s immigration and the introduction of lockdown measures in March and April 2020.

Passenger arrivals

The number of passengers arriving to the UK has fallen sharply since the start of the COVID-19 pandemic. The number of arrivals by air reduced from 7.1 million in January 2020 to 3.8 million in March 2020. In April 2020, there were only around 112,300 arrivals by air; 99% lower than the number of arrivals by air in April 2019 (API data).

Passengers arriving to the UK by air

	Air arrivals	of which British nationals	% British nationals	% change with same month in 2019
January 2020	7,082,000	2,905,000	41%	-1%
February 2020 ¹	6,804,900	3,463,400	51%	-2%
March 2020	3,815,300	2,195,800	58%	-51%
April 2020	112,300	63,400	56%	-99%

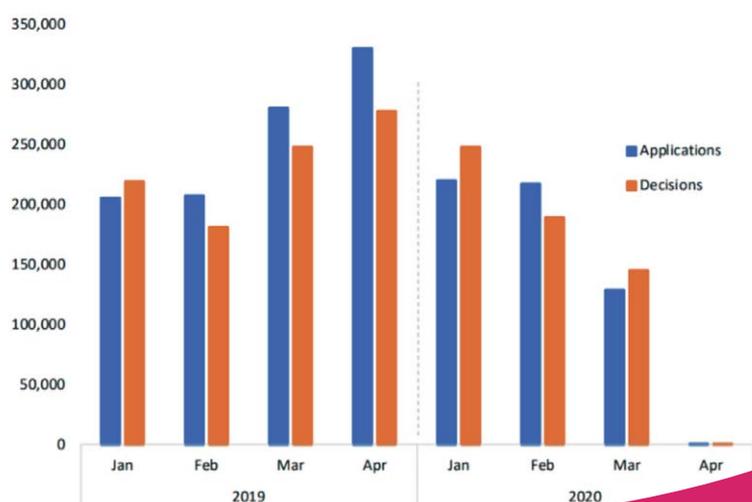
Source: Air passenger arrivals data tables

Entrance clearance visas

Data in this section relate to the number of entry clearance visa applications and decisions on such applications. Visa applications and decisions have reduced across all types of visa since the start of the COVID-19 pandemic and the beginning of restrictions in the UK. The reductions have resulted from visa application centres being closed by the end of March. Since then, very few applications or decisions have been recorded, although some case-working continues to take place.

Number of entry clearance visa applications and decisions

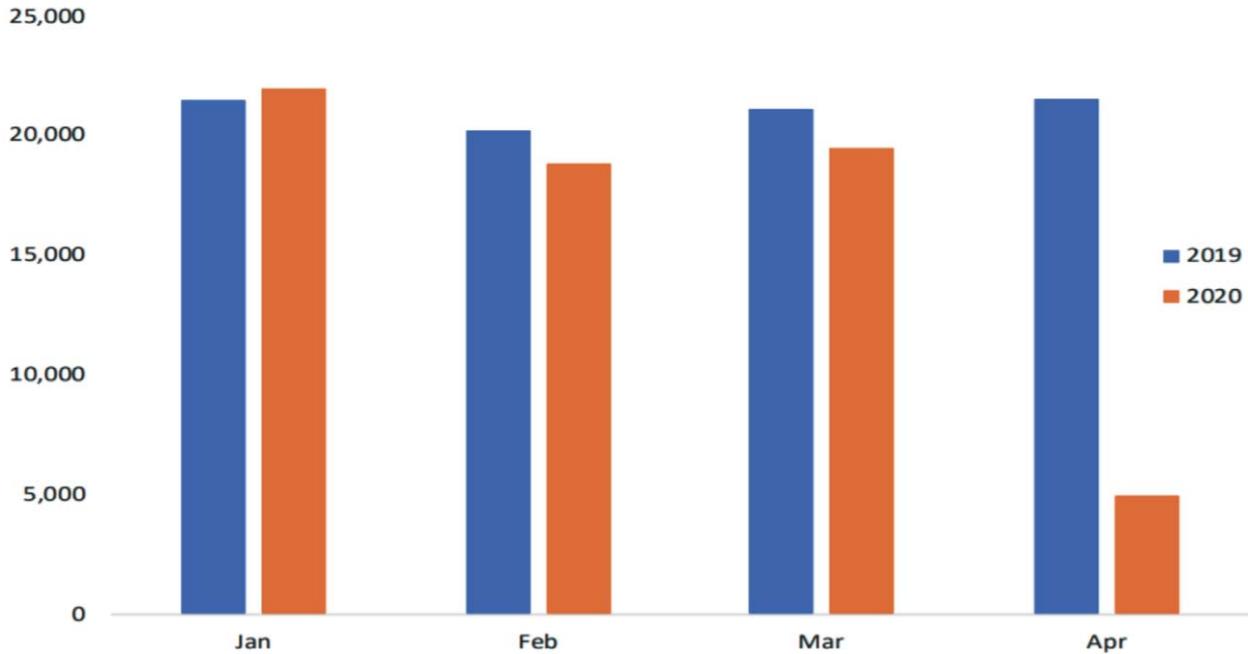
Source: Home Office EU Settlement Scheme Statistics, May 2020





Extensions of leave

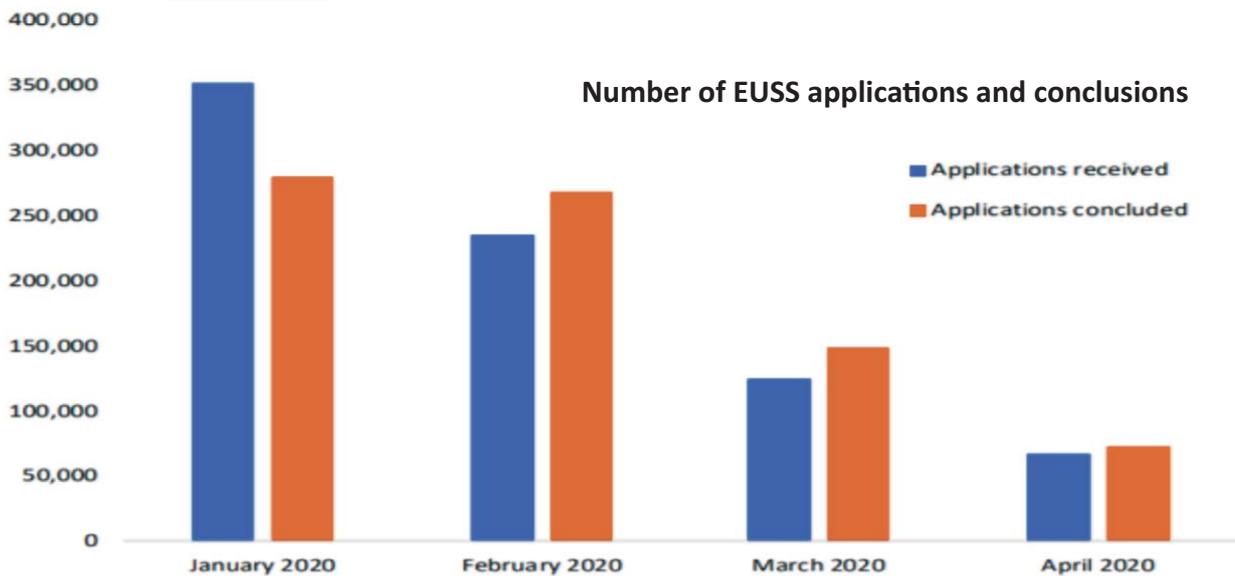
Since the start of the COVID-19 pandemic and the beginning of restrictions in the UK, the number of extensions granted has fallen. In April 2020 there were 77% fewer extensions granted than in April 2019. Prior to this, between January and March 2020, there were around 60,000 extensions, down slightly on the 63,000 seen in the same period in 2019.



Source: Home Office EU Settlement Scheme Statistics, May 2020

EU Settlement Scheme

The latest data show that the Home Office received 67,300 applications in April 2020; 46% lower than the previous month. This continues a downward trend since the UK left the European Union at the end of January 2020.



Source: Home Office EU Settlement Scheme Statistics, May 2020



The UK's points-based immigration system

From 1 January 2021, free movement will end and the UK will introduce a points-based immigration system. The new system will treat EU and non-EU citizens equally and transform the way in which all migrants come to the UK to work.

Under a points-based immigration system, points are assigned for specific skills, qualifications, salaries and shortage occupations. Visas are then awarded to those who gain enough points.

Characteristics	Tradeable	Points
Offer of a job by a sponsor	No	20
Job at appropriate skill level	No	20
Speaks English at required level	No	10
Salary of £20,480 to £23,039	Yes	0
Salary of £23,040 to £25,599	Yes	10
Salary of £25,600 or above	Yes	20
Job in a shortage occupation as designated by the Migration Advisory Committee	Yes	20
Education qualification: PhD in a subject relevant to the job	Yes	10
Education qualification: PhD in a STEM subject relevant to the job	Yes	20

The new system will not apply to EU citizens and their family members living in the UK by 31 December 2020. They are eligible to apply to the EU Settlement Scheme and have until 30 June 2021 to make an application.

As a transitory measure, employers can continue to accept the passports and national identity cards of EU citizens as evidence of their right to work up until 30 June 2021.

Skilled workers

From 1 January 2021, anyone coming to the UK to work will need to demonstrate that:

- they have a job offer from a Home Office approved sponsor
- the job offer is at the required skill level – RQF 3 or above (A Level and equivalent)
- they speak English

In addition to this:

- if they earn more than the required minimum salary threshold, they are eligible to make an application
- if they earn less than the required minimum salary threshold, but no less than £20,480, they may still be eligible if they can demonstrate that they have a job offer in a specific shortage occupation or a PhD relevant to the job



General salary threshold: £25,600

Job offer	20
RQF 3 or above	20
English language	10
Salary	0
Shortage occupation	20
Total	70

Skilled worker case study 1

Graphic designer coming to the UK under the new points-based system earning £23,000

General salary threshold: £33,000

Job offer	20
RQF 3 or above	20
English language	10
Salary	0
Education qualification: STEM PhD	20
Total	70

Skilled worker case study 2

Production manager in manufacturing coming to the UK under the new points-based system earning £28,000

Lower - skilled workers

There will not be an immigration route specifically for those who do not meet the skills or salary threshold for the skilled worker route.

Other routes

Initiatives are also being brought forward for scientists, graduates and NHS workers, which will provide businesses with additional flexibility. A new Graduate Immigration Route will be available to international students who have completed a degree in the UK from summer 2021. This will enable international students to remain in the UK and work at any skill level for two years after they have completed their studies.



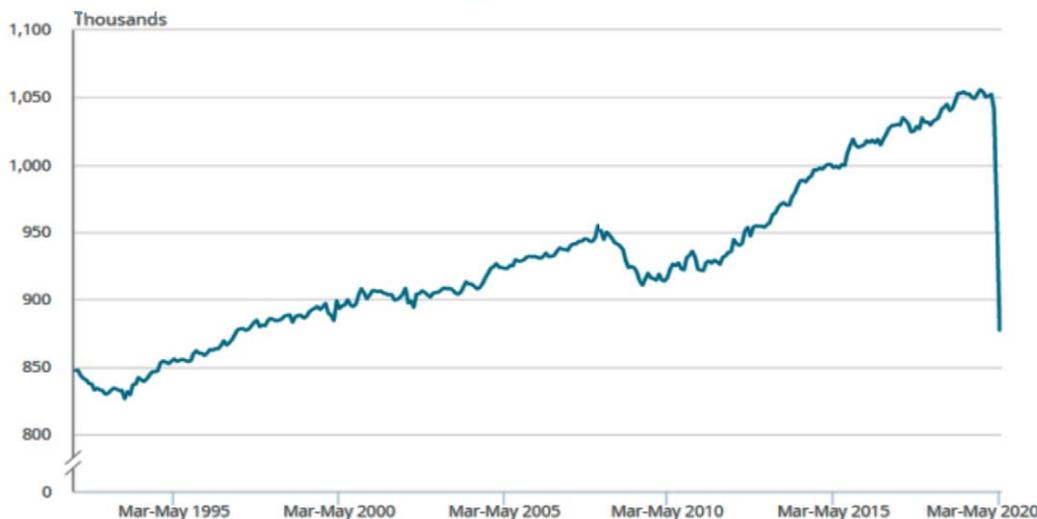
Labour Market

Employment is weakening and unemployment is largely unchanged, but there are some signs of increased economic inactivity, with people out of work not currently looking for work. Hours worked have continued to fall, reaching record lows both on the year and on the quarter.

Between March to May 2019 and March to May 2020, total actual weekly hours worked in the UK decreased by 175.3 million, or 16.7%, to 877.1 million hours. This was the largest annual decrease since estimates began in 1971, with total hours dropping to their lowest level since May to July 1997.

Largest annual decrease in total actual weekly hours on record

UK total actual weekly hours worked (people aged 16 years and over), seasonally adjusted, between March to May 1992 and March to May 2020



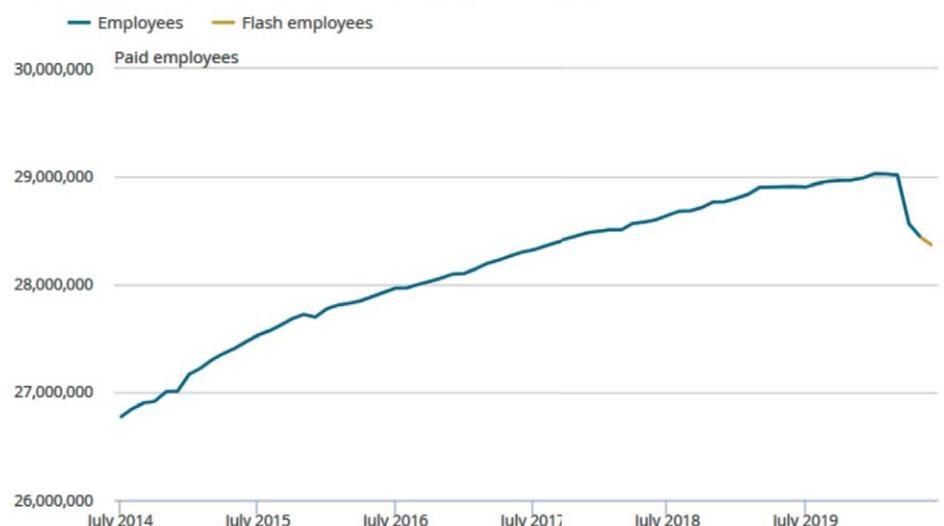
Over the same period, average actual weekly hours fell by 5.5 hours to a record low of 26.6 hours. The “accommodation and food service activities” industrial sector saw the biggest annual fall in average actual weekly hours; down 12.0 hours to a record low of 16.0 hours per week.

Source: Office for National Statistics
- Labour Force Survey

Early estimates for June 2020 from Pay As You Earn Real Time Information (PAYE RTI) indicate that the number of payroll employees fell by 2.2% (649,000) compared with March 2020.

After rising for several years, the number of employees on payroll has fallen in recent months

Paid employees, seasonally adjusted, UK, July 2014 to June 2020



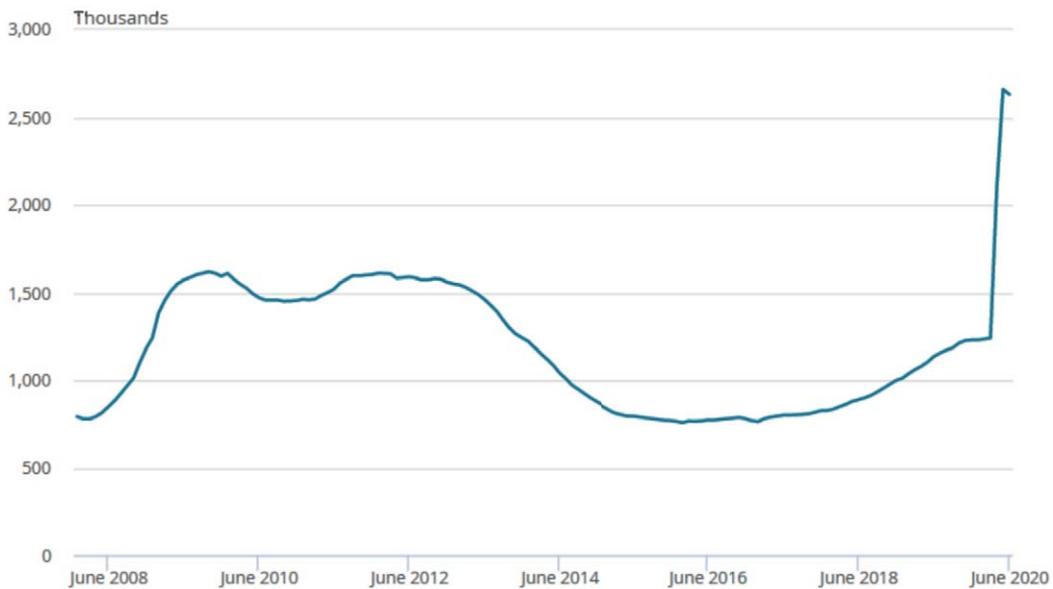
Source: HM Revenue and Customs
- Pay As You Earn Real Time Information



The **Claimant Count** fell slightly in June 2020 reaching 2.6 million after the massive increase from 1.2 million in March; this includes both those working with low income or hours and those who are not working.

UK Claimant Count level increased by 112.2% since March 2020

UK Claimant Count, seasonally adjusted, between January 2008 and June 2020



Source: Department for Work and Pensions

Vacancies in the UK in April to June 2020 are at their lowest level since the Vacancy Survey began in April to June 2001, at an estimated 333,000; this is 23% lower than the previous record low in April to June 2009.

April to June 2020 saw the lowest level of vacancies since the current data time series started in April to June 2001

Number of vacancies in the UK seasonally adjusted, between April to June 2001 and April to June 2020



Source: Office for National Statistics - Vacancy Survey



What are the options?

Even in the current COVID-19 climate, Brexit has featured high on the SWS Group Risk Register and remains a subject that we will continue to address as knowledge improves and intent becomes clearer.

The risk is driven at Board level and reviewed monthly, with new surveys to our EU nationals rolled out that will amplify their views as Brexit changes shape, be it deal or no-deal.

The SWS Group supports direct communication to all EU workers and has designated Alex Dirman as the representative to deliver a series of Brexit informational projects.

Current projects include:

- Working with the Home Office to ensure future communications - that may include statistical information - are fully endorsed
- Sharing statistical data with the CBI to establish and communicate any potential risks associated with the Government's immigration White Paper published in December 2018
- EU Settlement Scheme third survey
- Disseminating Brexit updates through various communications channels to guide all TBC staff on how best to support clients' EU workers. These include:
 - RORMs (Regional Operation Review Meetings)
 - The Best Week
 - Press releases (local, national, trade & TBC website)
- Creating a suite of training and informational videos focused on Brexit and the EU Settlement Scheme that will be shared with consultants
- Paid social media campaign
- Constant research of the labour market and working pool
- System and process set up in preparation to Brexit (based on the Government guidance)

Whilst just an overview, it is clear that the vast majority of EU workers currently on assignment intend to stay in the UK if they are made welcome and valued and are provided with the information and assistance needed to obtain UK residency status.

We continue to communicate with the existing EU workforce to make them feel welcome, to enable us to retain their services and act as a reference point for people considering working in the UK.

We should consider whether jobs can be performed effectively and safely by workers with less experience and/or limited English language skills and where appropriate, assist them in improving those skills.

Wherever there is a demand for workers that is higher than the available resource, the workers will naturally move to the best opportunities. This may mean pay/benefits but increasingly more important to those workers is the way in which they are treated, working environment and length of assignment. Some organisations will short-shift their workforce on a regular basis and wonder why they leave for more regular work. The answer is to make our client the assignment of choice, treat the workforce well and they will stay.

It is apparent that the EU workforce craves long-term work particularly where progression allows them to take up permanent positions.

Additionally, where necessary we should look at shift patterns to ensure that the workforce can commute where public transport is inadequate and where possible, create a collaborative association with local companies with different peaks in business.

As wages increase due to National Minimum Wage, we must encourage more local people to fill these vacancies.



In addition, the SWS Group has created a business relationship with an organisation able to offer training to suitable, unemployed candidates, possessing the desired attributes who are able to become an immediate asset to any company, in sufficient numbers to negate the impact of any shortfall in EU workers. It is our intention to build upon this relationship.

In terms of driving shortfalls, we are training people ‘from warehouse to wheels’ but this requires companies to be willing to engage drivers with limited experience.

What are the mitigating factors?

We do not know where the negotiations will take us, up to and following the final Brexit deal, therefore, we must remain vigilant and not take EU workers for granted.

The Government’s desire and ability to encourage people, particularly the younger generation, to choose work rather than unemployment will also be a factor.

If organisations fail to retain the workforce this inevitably leads to a loss of productivity and additional training costs for replacement workers.

Client Information

As a leading representative in the recruitment industry, we have engaged with hundreds of companies and thousands of workers over the past year to increase awareness about the EU Settlement Scheme and Brexit and we have worked relentlessly to identify and minimise the impact on our clients’ businesses.

The information below will help you understand how Brexit may affect your business if the UK leaves without a deal.

1. Have you looked at the Government’s advice?

This is a good place to start – find all the Government’s information for businesses at www.gov.uk/transition

2. Do you currently employ EU nationals?

Join us in encouraging the employees and workers to sign up for Settlement Status. The Government has produced a toolkit for employers to help you through that process. You can find it on:

www.gov.uk/government/collections/eu-settlement-scheme-employer-toolkit

EU citizens and their families who live in the UK before 1 January 2021, have until 31 December 2020 to apply for Settled Status, but we recommend the EU citizens apply as soon as possible.

3. Are you planning to employ EU nationals in the future?

There is a transitional EU immigration period that started from the day the UK left the EU (31 January 2020) until 31 December 2020. The Government intends to introduce a new immigration system from January 2021. During the transition period EU citizens and their families can move to and work in the UK as previously. Right to work checks for employers of EU citizens have remained the same.

4. Have you identified your business’ international personal data flows (where the personal data you process is coming from and going to)?

Data flows that you will need to check include:

- Any trade in services with the EU, including to business partners but also outsourced functions i.e., HR, accounts, back office



- If you have European operations, including intro-company transfers and to regional offices and branches
- Cloud services, including if you have a cloud-based CRM

Information on how to comply with data rules can be found on the Informational Commission Officers' website: <https://www.gov.uk/government/organisations/information-commissioner-s-office>

5. Have you checked your legal position in terms of contracts, civil cases and intellectual property?

Take a look at the Government's guidance on intellectual property:

www.gov.uk/government/news/intellectual-property-and-the-transition-period

and cross-border legal disputes:

www.gov.uk/browse/justice#cross-border-insolvency-cooperation

6. Do you place European Economic Area (EEA) staff into roles where they require professional qualifications?

The mutual recognition of professional qualifications we have with other EU member states will end. There will be changes to how services are regulated and how professional qualifications obtained in the EEA and Switzerland are recognised.

7. Do you have staff working in the UK public sector through a Government framework?

Suppliers wishing to access UK contract opportunities from the UK public sector will need to access the new UK e-notification service.

8. Have you considered the impact on the wider sector that you operate in?

No-Deal Brexit will have different impacts on different sectors – we recommend considering how it could impact your business. The Government website has guidance for different sectors.

9. Do you currently have any business dealings within the EU?

If you do, look at the Government website for support with:

- How contracts and VAT rules may be affected
- What to do if you have branches/offices within the EU
- What to do if you are planning to travel for business after 31 December 2020

10. Do you work in other countries outside of the EU?

As a member of the EU, the UK was eligible for EU international agreements with third-party countries, including 40 Free Trade Agreements (FTAs). The UK has been seeking continuity of these FTAs. If not agreed before the end of December 2020, then the UK will trade with that country under World Trade Organisation (WTO) rules. We recommend checking the Government's website on the progress on continuity agreements and if there is none in place, researching guidance on trading under WTO rules.



HM Government has prepared a full guidance to help you prepare. This is available at www.gov.uk/transition



HM Government
UK TRANSITION



 **Check**
what we originally said

 **Change**
the meaning of what we originally said

 **Go**
about our business as though it was
always the case