



Brexit Action Plan



By The HR Booth

Stage 1 - Carrying out audit and risk assessment

The critical starting point in establishing an organisation's exposure to labour disruption and skills shortages is to carry out an audit of the workforce as the precursor to undertaking a risk assessment. This will enable the prioritisation of actions that should then be taken to reduce the short and medium term impacts and to plan for the longer term.

The key action points of an audit and risk assessment process include:

- Identifying UK nationals working elsewhere in the EU or in Iceland, Norway, Liechtenstein and Switzerland, as well as nationals from those countries working in the UK. This will help to plan for the worker mobility restrictions and labour shortages that could result from Brexit.
- Reviewing European expatriate and secondment arrangements. There may be risk exposure if arrangements have to be terminated early and there is no job for individuals to return to in their home country. Should pending arrangements be delayed?
- Checking and monitoring the immigration status of UK inbound and outbound expatriate workers, the duration of their stay abroad or in the UK and the date on which they can apply for permanent residence or citizenship (including potential dual citizenship) under local rules.

- Considering whether it is worth bringing some workers into the UK now, or encouraging them to secure their UK immigration status or citizenship rights, through the Settlement Scheme. This may help to manage the risk that they will be affected by future immigration restrictions.
- Considering how the business would fill possible skills or service gaps if Brexit affects customer demand for products or services, or if restrictions on worker mobility mean that employees are prevented from working temporarily or that jobs could be put at risk. Anticipate the need for possible redundancies.
- Checking whether contractual mobility provisions or provisions with geographical restraints linked to the EU or EEA for example, restrictive covenants, confidentiality or intellectual property obligations) need to be bolstered or amended to address any unenforceability risks that will follow Brexit.

Stage 2 - Practical mitigating measures

Organisations can take many practical measures to mitigate the impacts of skills shortages, whether these are caused by Brexit or otherwise. These can be divided into short term measures, designed to mitigate the immediate problems of skills access that Brexit will cause, and medium and long term measures, designed to provide more strategic and permanent approaches to adapting to the post-Brexit environment.

Stage 3 - Short term measures

Businesses can take short term measures to mitigate the harmful effects of labour and skills shortages caused by Brexit, including:

1. Identify and support key impacted staff on immigration status

Organisations need to be aware of and may need to seek to directly address how their employees are affected by specific changes to immigration rules brought about by Brexit.

Following the audit and risk assessment process described above, the organisation may identify certain key individuals who are nationals of EEA states, therefore impacted by the end to freedom of movement, that the organisation needs to retain by all means legally practicable. The business should:

Consider what resources to put in place to mitigate this particular impact of Brexit on affected employees. For example, the organisation might consider paying for employees to receive individual legal advice on securing UK residency in an effort to assist retention.

Ensure that the HR team develops a consistent approach to providing regular updates for affected employees and addressing their questions.

2. Maintain robust knowledge management systems: Businesses may lose key employees quickly during the forthcoming period of rapid change due to redundancy or personal decisions taken by the staff themselves. There is a real risk that these employees will take with them unique knowhow that they have developed over considerable time and without which the business may not be able to operate properly or efficiently. Businesses should urgently focus their efforts on ways of capturing this knowledge by putting in place knowledge management (KM) systems. Many businesses might consider that they already have good KM systems but they should consider auditing them to ensure they will stand up to a sudden crisis. In some cases, such KM systems may not need to be sophisticated in nature and may simply consist of a backed up centrally-stored folder of key documents, provided this contains all the information necessary for the business to operate in the absence of the departed staff members.

3. Prepare for service gaps

Especially in the case of a sudden no deal “cliff-edge” after 31 December 2020, there will be disruption for most businesses, particularly multinational companies and UK businesses which engage in substantial cross-border trade. Even businesses that are not obviously directly impacted are likely to have key players in their supply chain which are and preparations should be made to mitigate any impacts.

These logistical challenges in combination with the unavailability of appropriately skilled workers will put some service delivery under threat in the short term and may make some services undeliverable. Businesses need to identify areas where these gaps will appear and have short term solutions. These might include suspending or terminating certain services which will need a contractual solution to mitigate exposure to customers and suppliers

Stage 4 - Medium and long term measures

In the medium and longer term, businesses can adopt a number of strategies to mitigate damage caused by labour and skills shortages caused by Brexit, including:

1. Develop a strategy to fit new immigration rules

The UK government's points-based immigration system was introduced in 2018. Organisations need to comply with the system when designing a strategy for getting the best access to the skills they will need from the immigration routes available to them in the post-Brexit environment.

2. Leverage government support

The UK government has a number of schemes designed to assist businesses with bridging the skills gap, generally focused on particular sectors. One example is a multi-million pound fund launched in June 2018 by the Department for Education in England and Skills Development Scotland which established on-site training hubs for the construction sector. Businesses should be alert to any such programmes that are established for their sector or geographical location.

3. Create a strong employer brand

Post-Brexit employee recruitment and retention strategy is likely to be the domain of the HR team in most organisations but the legal team should be aware of this strategy and be in a position to influence and assist the HR team as needed. A key part of this strategy will be creating a strong employer brand. With potential talent shortages post-Brexit, candidates who have skills in short supply will be in a position to be discerning about who they choose to work for. Employers need to communicate their corporate purpose clearly to enable candidates to match their values and needs to them. This cannot simply be a superficial PR exercise; with the prevalence of social media and employer review sites, employers need to deliver on their promises in terms of employee experience.

4. Diversify the talent pool

Diverse workforces tend to be more creative, attractive to work in and better able to avoid institutional problems such as groupthink that can lead to the organisation's demise. In the tighter post-Brexit labour market, employers should consider taking advantage of these benefits and can adopt a number of approaches to do this, improving their access to skills in the process. Examples include:

- Removing non-essential barrier to roles, such as degree requirements for roles where people can be trained for the role without needing specialist technical knowledge. This approach can in many cases help to avoid skills mismatches which can lead to unsatisfactory work for employees and lower productivity.

- Considering candidates from outside the sector but with transferable skills for the job. This often has the added benefit of attracting employees who are better able to adapt to the changing skills requirements of the organisation over time. At junior levels, value and culture fit may be more important than skills which can be developed.
- Eliminating recruitment bias to unlock access to previously marginalised people. For instance, algorithms can be created to take into challenges prospective employees have faced such as growing up in a deprived area. A proactively inclusive approach to recruitment searches could untap marginalised categories of people such as older workers, those with long term health conditions, the unemployed and ex-offenders.

5. Upskill using apprenticeships, secondments, returnships and internal moves

Employers will need to think laterally about how they fill skills gaps in their organisations using existing resources. Solutions open to organisations include apprenticeships, secondments, returnships, promotions from within.

- Employers can offer apprenticeships as a potential solution to the skills gap problem. UK businesses are generally in need of workers at junior levels and apprenticeship programmes have historically proven a successful strategy for encouraging junior entrants into the workplace for many businesses. Apprenticeship schemes may also benefit from government funding and training support.
- Employers can work with other organisations to identify potential secondment arrangements to fill temporary skills gaps.

- Employers can offer 'returnships' as a way of helping professionals, in particular women, to return to the labour market after being out of work, for instance due to caring for children or elderly relatives.
- Employers can facilitate internal job moves and rotations so that employees develop understanding of different parts of the business, develop new skills and are better equipped to progress in the business. New career development pathways should be communicated clearly to employees.

6. Explore technology

Employers should consider using Brexit as a driver for automating certain tasks through the use of artificial intelligence (AI) and machine learning technology to mitigate the impact of post-Brexit labour shortages. This has the potential side effect of freeing employees up from work that is dull and repetitive to work on more interesting and challenging tasks. Carefully considered automation can have substantial positive effects on productivity as employees concentrate on tasks that encourage creativity and make them feel they are adding direct value to the business. It also helps to create the strong employer brand.

7. Develop retention strategy

Holding on to key skills will be essential for businesses to remain competitive in the post-Brexit world. Employers should concentrate efforts on the entire employment life cycle from the recruitment process, induction, and the employee work experience itself including opportunities for development. Development opportunities, as well as culture and management, often play a more critical role in retention than remuneration and benefits. Designing roles with this broad and holistic perspective in mind is vital for reinforcing the strong employer brand referred to above.