Brexit vote: Next steps for HR

Implications and actions for HR to address arising from Brexit

On 24 June 2016, the UK voted to leave the EU. Although much is unknown about the future shape of the UK's relationship with the EU, people considerations will rank highly among the practical implications of Brexit.

Following the Prime Minister's announcement that the UK will begin formal negotiations to leave the EU by the end of March 2017, organisations need to prepare for Brexit now more than ever. Once Article 50 is triggered, the UK will be less than 104 weeks away from Brexit -including a couple of Christmas and summer holidays, leaving little time to prepare the people strategy and workforce as the shape of the UK's new relationship with the EU is negotiated.



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Market practice and next steps

The diagram below sets out five key people-related considerations, market practice* and subsequent actions HR can take now to prepare for Brexit.

These key actions are intended to help HR functions devise and execute the people strategies that support their organisations' Brexit plan, while also delivering business as usual.

What does it mean?

- · A combination of low interest rates and currency fluctuations against a backdrop of uncertainty will lead to increased cost pressures
- · There will also be impacts on HR areas such as general employee costs

identify how much of their workforce is affected by Brexit

business decisions, e.g. future resourcing

What actions can you take?

for different Brexit scenarios and model what might come next

Identify people impacted, and clean HR data where needed

· Organisations need to ensure HR data and recruitment systems have the agility to cope with the wide range of changes coming out of Brexit

What actions can you take?

Plan for workforce costs

What does it mean?

Uncertainty over the next 2 years could put businesses under greater pressure now to balance increased use of contractors, optimising employee-related spending programmes etc. with being a responsible employer

· Information such as the nationality of employees will be crucial in enabling employers to

Companies with high quality and robust data on their workforce will be better able to plan

Organisations not collecting/cleansing this data will have more limited insight to inform

With a clear timeline for Brexit, organisations can develop a more accurate picture of who will

be in the business at this time. Accurate data and people costs will have a direct impact on

people strategy and contingency planning through the Brexit negotiations and beyond

20% of organisations are increasing **71%** of organisations have already investment in their HR policies and programmes. 16% of organisations 20% are increasing investment in their HR Communications technology and **Maximising**

contacted their general UK employees about Brexit

systems.

efficiencies

Around 30% of organisations are not confident in the accuracy and availability of their workforce

30%

Talent Data and technology and labour force Geographic and business

footprint

HR priority

Circa 50% of organisations have a general UK employee workforce made up of greater than 6% non-**UK EEA/Swiss** Nationals

50%

What does it mean?

- In most cases, organisations have focused on communicating with their employees rather than with shareholders, regulators, customers or other stakeholders
- Undertaking frequent and regular communications helps set a purposeful tone and instil confidence amongst employees and other stakeholders, e.g. provide security in a time of uncertainty and comfort those who may be personally affected

What actions can you take?

Develop your communications strategy and plan

The triggering of Article 50 will likely generate a new wave of questions and concerns from a range of stakeholders. Therefore, organisations need to prepare and plan their responses to ensure communications are aligned and consistent

What does it mean?

- A significant proportion of the general employee population are non-UK EEA/Swiss Nationals. Organisations should establish their dependence on this population and the associated attrition rate to understand how more stringent immigration requirements may affect their business
- Organisations need to plan and resource for how they will meet new recruitment requirements and visa processes

What actions can you take?

Determine resourcing profiles and review recruitment strategy

It is likely that lower skilled workers will have more restricted and more temporary access to the UK labour market following Brexit. HR should establish the extent of any potential future resourcing gap now



65% of organisations are not intending to explore new markets/change the emphasis on its existing markets as a result of the EU referendum outcome

What does it mean?

- · While many organisations are not intending to change their investment decisions because of Brexit, the location of organisations may impact their ability to engage with the EU market, e.g. the UK may lose common sourcing centres, procurement platforms and the Financial Services sector could lose passporting rights
- Organisations will need to review the requirements and implications of moving key capabilities into other EU countries

What actions can you take?

data

Consider the optimum location of operations

Greater clarity over the timing of Article 50 will give organisations a clearer timeline to make relocation decisions in the context of potential passporting, immigration and cost considerations.



14% of organisations have already experienced candidates withdrawing from UK job offers because of Brexit

*Based on PwC research



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