

EEA Workers in the UK Labour Market

techUK submission to the Migration Advisory Committee

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About techUK

techUK welcomes the opportunity to provide evidence to the Migration Advisory Committee on the importance of EEA workers to the UK tech sector. techUK is the industry voice of the UK tech sector, representing more than 900 companies, who collectively employ over 700,000 people, about half of all tech jobs in the UK. These companies range from innovative start-ups to leading FTSE 100 companies. The majority of techUK members are small and medium sized businesses.

Executive Summary

Tech is a global industry and one in which the UK is a global leader. The UK tech sector is growing twice as fast as the non-digital sector and is creating new jobs at twice the rate. With such a high pace of growth, the ability to recruit and retain talent from around the world is crucial to the industry's success.

EU talent has been vital to the success of the tech sector, fostering innovation within the industry and creating jobs domestically. This submission seeks to highlight the importance of EU talent to the tech sector and inform the Migration Advisory Committee with data that will help inform policy recommendations to the Government.

The following findings are of particular note:

- **Six per cent of workers in the digital sector are from EU countries**, however their contribution to net employment growth has been far more significant – EU born workers comprised four percent of digital sector employment in 2009 but **17 per cent of the sector's employment growth through to 2015**.
- 78% of respondents to a techUK survey stated their EEA workforce held at least a **Level 6 (degree apprenticeship, degree with honours) qualification**.
- EU tech talent is highly remunerated – **the average salary of EU migrants in tech is £45,000 - £80,000 per annum**.
- EEA migrants fill a **variety of roles** within their businesses across the skills spectrum.
- Based on the two methodological analyses, techUK own estimates indicate that the **UK could create between 2.7 and 3.5 million new jobs by 2030 within the existing digital sectors**.
- EU workers are key contributors to this employment growth and productivity, creating jobs for UK nationals. **UK workers account for 88% of tech roles** – roles that are in part being created by the contribution of EU tech talent.
- There is **no evidence** that EEA and non-EEA migration workers have undercut skills and training of UK workers.
- The impact of EEA migrants on the tech sector should be viewed as a strong net positive, the **total GVA per EEA worker as of 2015 was £103,000**, almost double that of non-tech sector workers.
- With approximately 184,200 EU born workers within the digital producing and digital using sectors, **the tax contribution totals to almost £2.5 billion in direct taxes** each year, on top of business taxation including Employer NIC.

Introduction

The vote to leave the European Union (EU) begins a major shift in UK migration policy. The triggering of Article 50 commences a period in UK policy-making where the social and economic case for different types of migration from both inside and outside the European Economic Area (EEA) will be significantly reshaped. For digital businesses of all sizes, up and down the country, changes to the flow of tech talent are a serious and ongoing element of business certainty and confidence in the UK as place to start, scale and invest in a tech company.

The UK suffers from a chronic digital skills shortage which is hampering the growth of the tech sector - last year, high-skilled vacancies in tech companies made up the largest proportion of the professional vacancy market.¹ Access to the EU talent pool has allowed tech companies in the UK to mitigate the paucity of domestic digital skills, and is why European talent remains so important to continued growth. A report commissioned by techUK found about **six per cent of workers in the digital sector are from EU countries, although this is substantially higher in some parts of the tech sector, with some techUK members reporting as high as 30%**. Furthermore, the contribution of EEA workers to net employment growth has been significant - **EU-born workers comprised four per cent of digital sector employment in 2009 but 17 per cent of the sector's growth through to 2015.**² EU migrant workers do not simply fill a gap, they also create opportunities for domestic workers. For example, **work by the Resolution Foundation estimates that between 2009 and 2015, 234,000 jobs in "advanced industries" (which includes tech roles) created a further 147,000 'non-tradable' jobs within the local area surrounding where these advanced industries jobs were created (see below).**

This submission aims to highlight the importance of EU talent to the UK tech sector and stress the importance of creating a frictionless post-Brexit migration system which rebuilds public confidence that immigration is both controlled but calibrated to the economic needs of the UK.

1. What are the characteristics (e.g. types of jobs migrants perform; skill levels, working pattern etc.) of EEA migrants in your particular sector.

Skill Level

- 1.1 EEA employees in the tech sector are generally high-skilled, meeting the minimum qualification and entry standards required for non-EEA Tier 2 visa route for highly-skilled workers.
- 1.2 A recent techUK member survey found that **78% of respondents stated their EEA workforce held at least a Level 6 qualification** (degree apprenticeship, degree with honours). This was followed closely **by 62% of respondents whose EEA talent held at least a Level 7 qualification** (master's degree, postgraduate diploma).
- 1.3 However, other parts of the tech sector, such as the telecoms industry, **benefit from EEA talent with less formal qualifications, in addition to those high-skilled, technical workers.** The

¹ Vacancy Soft (October 2016). *Demand for professionals in the IT sector rises year on year*. Retrieved from: http://www.vacancysoft.com/vacancysoft_apsco_trends_report_onrec/

² techUK (January 2016). *The UK Digital Sectors After Brexit*. Retrieved from: techUK.org/brexit

construction industry, which provides the civil infrastructure necessary to deploy NGA and fibre networks, relies heavily on labour forces from across Europe. A number of UK fibre infrastructure providers have deployed their networks thanks to the expertise of a workforce and contractors predominantly from central Europe. Government is encouraging the roll-out of fibre networks across the country and needs to support industry by attracting resources from across Europe, including skilled labour.

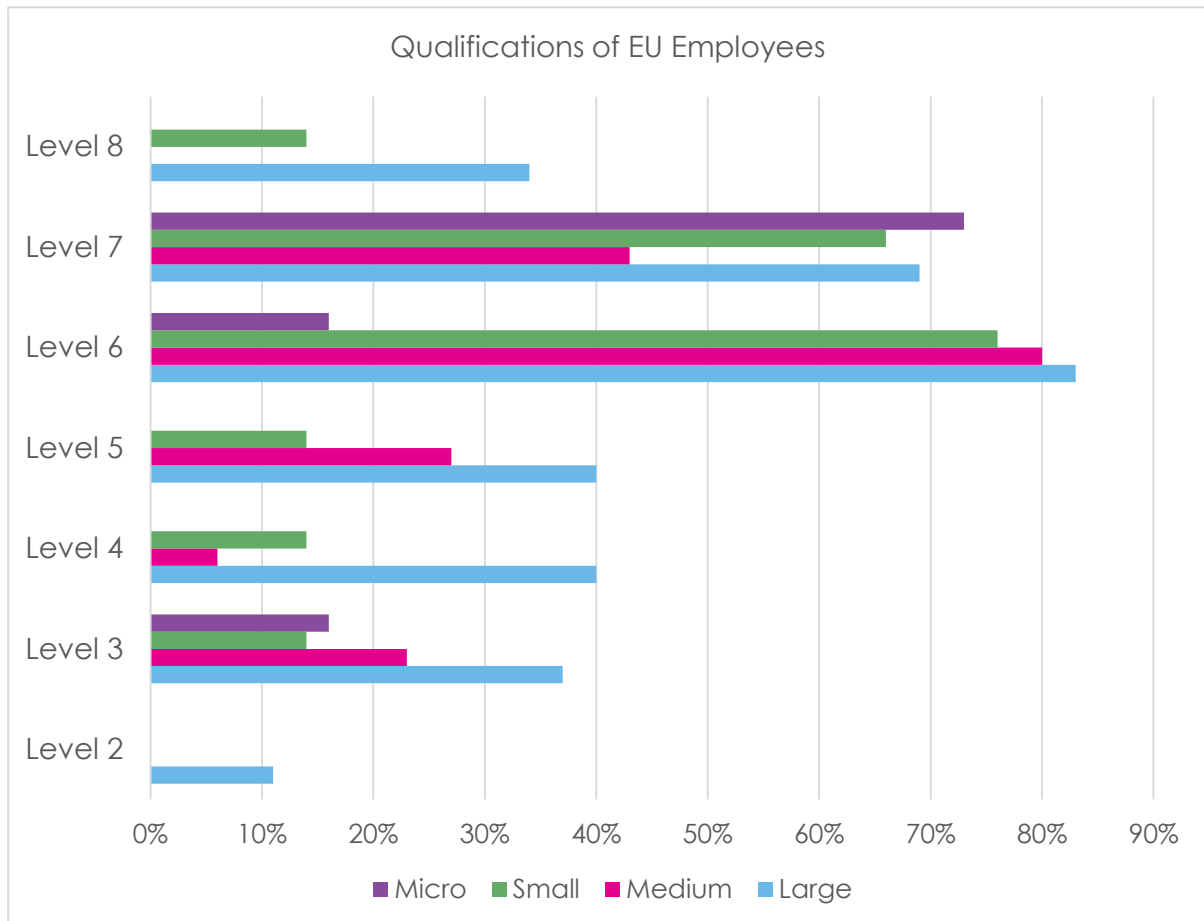


Fig. 1 - Source: techUK member survey, September 2017

1.4 Skill level and qualification is reflected in the average salaries of EEA tech workers in the UK. While EU employees are remunerated across the salary spectrum, **71% of respondents surveyed by techUK stated that their EU talent is paid on average £45,000 - £80,000 per annum.**

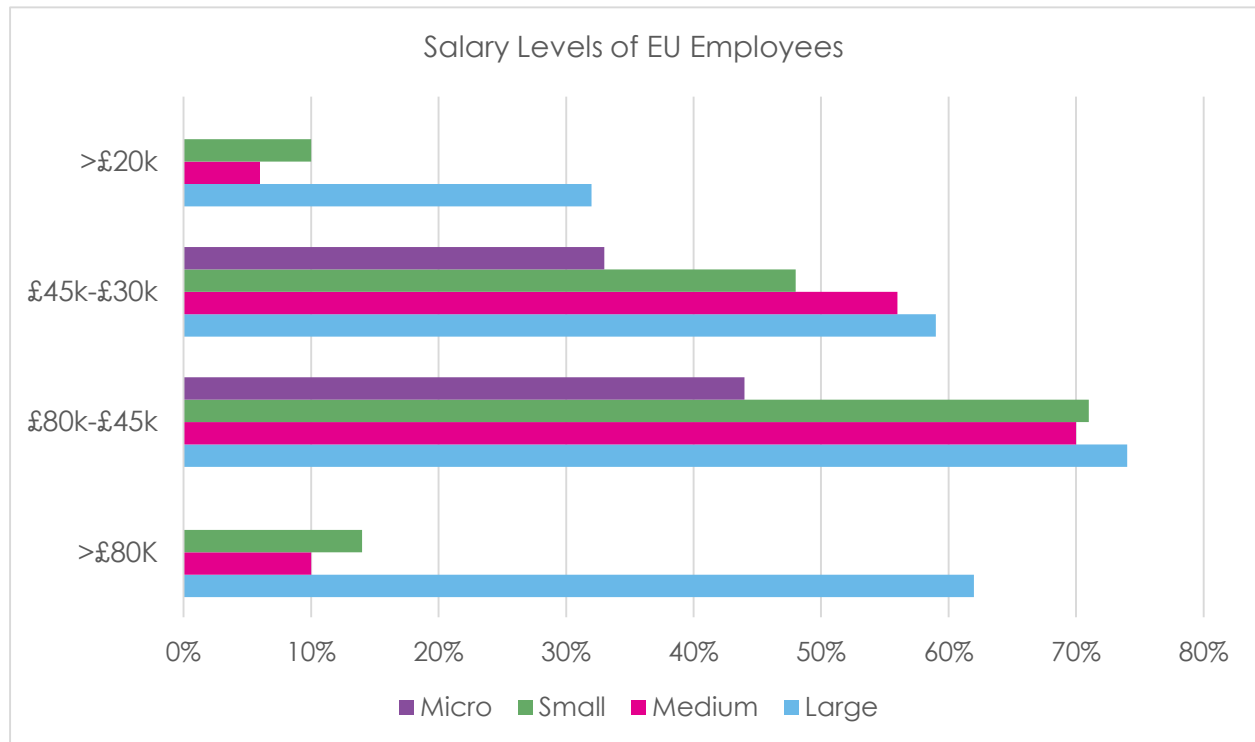


Fig. 2 - Source: techUK member survey, September 2017

Job Functions

1.5 When surveyed, techUK members overwhelmingly stated that **EEA migrants fill a variety of roles within their businesses** all across the skills spectrum. There was no trend of EU migrants being hired for specific job functions within the tech sector.

1.6 techUK members did, however, highlight that the skills they find valuable with their EU staff include the **ability to speak multiple languages and advanced knowledge in emerging technology**.

1.7 Some key comments from members include:

- "We are a high-tech software company specialising in a form of AI referred to as natural language interaction. As such, we look for highly educated employees with skills typically as Computational Linguists, Data Scientists and software developers / architects / conversational UI designers. We recruit these skills from across the EU. The ability to speak multiple languages is also a major asset - again these skills tend to be from outside the UK."
- "In common with most employers, we do not monitor level of EU nationals in our UK workforce. If people are eligible to work in the UK (as required by pre-employment checks etc.), they will be considered on merit through the application process. Based on a sample / cross section, we employ EU nationals at every skill / organisational level. This includes

both nationals from the EU27 working in the UK and UK nationals working in our operations based in the EU27."

- *"Roles across the spectrum are filled by EU migrants, ranging from customer service to our company directors."*
- *"Many of our UK-based roles are EMEA-focused. They benefit from the skills and experience brought in by employees from the EU, and from their ability to work with international customers at a local level."*

Working Patterns

1.8 **93% of techUK members surveyed stated their EEA staff work full-time** (see fig.3). The next most popular response was contracting (18%) trailed by part-time (12%). There is no indication that EEA staff have different working patterns to UK staff within the tech sector.

Outbound and inbound travel

1.9 **The ability to manage workforce deployment across the European market is a key issue for workforces within the tech sector. It is particularly important for companies who operate a "hub and spoke" model with the UK as their European hub.** These companies are hugely important for the UK economy and the tech eco-system. They make up 1.2% of tech producing and using businesses in the UK but account for 29% of the GVA produced.

1.10 Figures are largely unavailable given EU travel is not necessarily scored even within companies as it is not needed for reporting. However, a number of the largest techUK members have referenced this as a key priority area for them. That said, one of our larger members reported the following:

- *"At any time we have roughly 25-30 people from the UK based on assignments of longer than 3 months in EU countries. These tend to be high skilled individuals, either technically or from a project management perspective and as such provide us with the ability to transfer expert resources to our different business units and projects across Europe."*

1.11 This is broadly the equivalent of a few hundred people per larger tech business per year. **Across the whole sector this suggests several thousand being effected in different ways by any immigration system that presents new barriers to European travel. This includes restrictions on UK nationals needing to travel abroad.** Example scenarios are included in appendix 1.

1.12 In addition the tech sector uses assignees from Europe who work in the UK on a temporary basis – these individuals are highly skilled and would generally meet the minimum qualifications and entry standards required for the non-EEA Tier 2 visa route. The tech sector also uses contractors some of whom are EEA nationals but there is little statistical data to evidence use/dependence on this group as companies have not been obliged to hold this data.

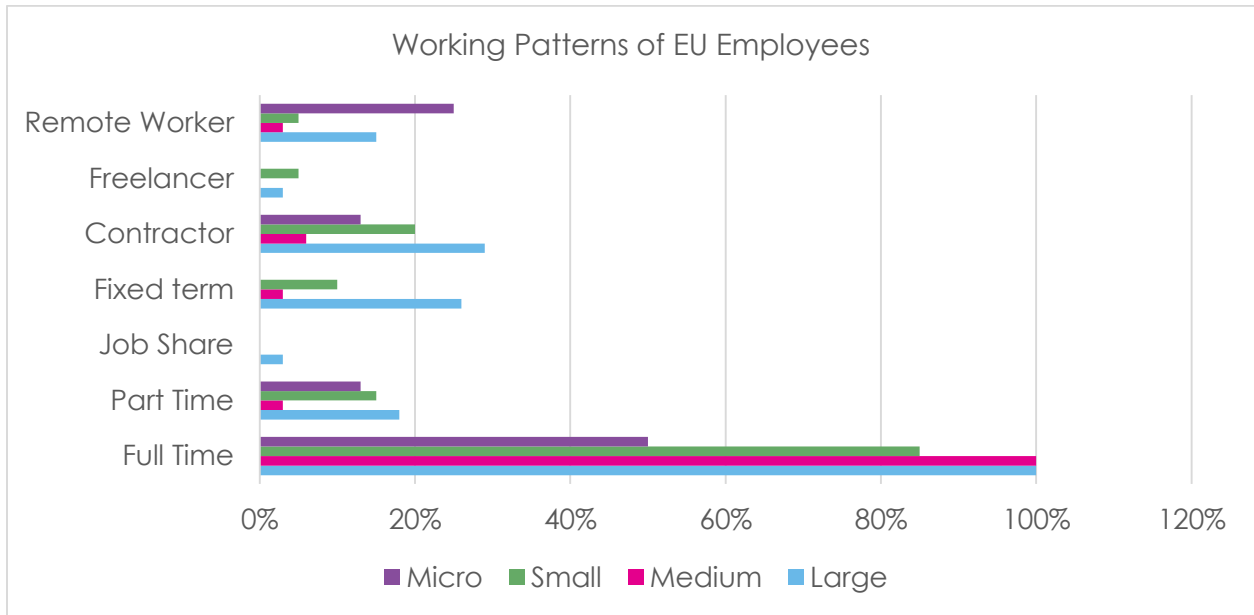


Fig. 3 - Source: techUK member survey, September 2017

2 Projection analysis of the need for EU and foreign labour over the median term

- 2.1 Earlier this year, techUK modelled a linear projection using existing trends to provide an estimate of the number of workers the tech sector would need in the medium term, including EEA and non-EEA talent.
- 2.2 This projection **does not seek to model behavioural changes and external factors** that will impact job growth, **nor does it take into account the increasing digitisation of the economy and the growing need for digital skills across all sectors.**
- 2.3 Based on the two methodological analyses conducted below, techUK own estimates indicate that the **UK could create between 2.7 and 3.5 million new jobs by 2030 within the existing digital sectors.** This does not include new roles requiring tech skills within the wider economy.
- 2.4 Based on current ratios of UK to EU citizens, this would suggest requiring at **least 200,000 – 460,000 new EEA workers to fill roles.**
- 2.5 Our analysis suggests that, were the pace of job growth to continue at its current pace, by 2030 there would be **1.5 million new tech jobs to be filled by solely by UK workers.** Given that there are currently 1.49 million unemployed people in total in the UK, filling such a demand for skilled roles with UK nationals within the next few decades seems unrealistic.
- 2.6 The figures also show the UK's dependency on non-EEA foreign workers. Such workers make up an even greater proportion of the tech workforce and could, in this analysis, grow by up to **750,000 by 2030.**

2.7 Based on these projections, the tech sector would need to add an average of **92,000 non-UK nationals a year by 2030**. This could make up a substantial proportion of the Government's net migration target of "tens of thousands" (depending on emigration levels).

2.8 Full modelling and analysis can be found in the attached annexes.

3 What are the advantages and disadvantages of employing EEA workers? What is the impact of a possible reduction in the availability of EEA migrants as part of the tech workforce?

Advantages of employing EEA workers

3.1 There are multiple advantages to employing EEA workers in tech, including but not limited to: increasing employment growth for UK workers, filling vacancies within the market for digital skills, knowledge sharing, and bringing diverse knowledge of potential new markets.

3.2 Research commissioned by techUK in our report, *The Digital Sectors after Brexit*, showed that EU-born tech workforce disproportionately drove employment growth in the digital sectors over the half decade. EU-born workers accounted for 4 per cent of digital sector employment in 2009, but **17 per cent of net employment growth**—four times its weight at the beginning of the period.

3.3 There are now 1.64 million digital tech jobs in the UK, and the **digital sector is creating jobs 2X faster than the non-digital sectors**.³ Furthermore, these jobs are highly skilled and highly paid, contributing to the productivity and growth across the UK in digital hubs from Sheffield to Bristol. Such regional tech clusters attracted more than £4.5 billion in digital tech investment, leading to the creation of jobs across the UK.⁴

3.4 EU workers are key contributors to this employment growth and productivity, creating jobs for UK nationals. **UK workers account for 88% of tech roles** – roles that are in part being created by the contribution of EU tech talent.

3.5 techUK members also highlight the social benefits of having a diverse team – from the transfer of knowledge from EU staff to UK staff, to the importance of diversity of opinion in a team. A study published in *Economy Geography* concluded that **increased cultural diversity is a boon to innovation**. The results of their study revealed that businesses with culturally diverse teams were more likely to develop new products than those with homogenous teams.⁵

3.6 This sentiment has been echoed by techUK members. Anecdotally, tech companies have stated that enriching their employee pool with representatives of different genders, races and nationalities is key for boosting their company's intellectual potential and rigour.

³ Tech City UK (2017) Tech Nation Report 2017. Retrieved from: <http://technation.techcityuk.com/>

⁴ Ibid

⁵ T&F Online (October 2015). *Cultural Diversity, Innovation, and Entrepreneurship: Firm-level Evidence From London*. Retrieved from: <http://www.tandfonline.com/doi/abs/10.1111/ecge.12016>

Impact of possible reduction

- 3.7 **A reduction of EEA workers in the UK's digital economy, brought about by a sudden, external shock (such as tighter immigration rules) would have a significant negative impact on the growth of the fastest growing part of the UK economy.** Given the speed at which the digital sector is creating jobs, their higher-skilled and higher-paid nature and their wide geographical distribution⁶, it is reasonable to assume there will be negative impacts to the resident population, both in terms of slower job creation within the digital sectors, and beyond.
- 3.8 Furthermore, jobs created in the digital sectors create additional, "non-tradable" jobs in the surrounding area. As noted in paragraph 5.3, the Resolution Foundation estimates that **between 2009 and 2015, 234,000 jobs in "advanced industries" (which includes tech roles) created a further 147,000 'non-tradable' jobs within the local area where these advanced industries jobs were created.** Diminished growth in the digital economy will likely have a wider impact on the availability of a range of jobs to the resident population than simply within the digital/tech sector.
- 3.9 European tech talent does not just provide fiscal benefits to the UK (as outlined in section 6), there would be considerable negative impacts to innovation and creativity in UK tech. Members have anecdotally stated that having European staff members within their teams make them more **globally competitive, creating more benefits for the UK ecosystem as a whole.**
- 3.10 techUK members have commented:
- *"Moving people around our company within and outside of EMEA helps us develop the business and helps individuals to develop a global mind-set, crucial for the future. We have a particular focus on developing digital skills and data analytics as these areas of our business are rapidly expanding. Without EU nationals, we would not have been able to develop in these core areas."*
 - *"We continue to look to staff our organisation with the most technically talented individuals from both UK, EU and globally. We always look for UK based talent first, but sometimes need to recruit from other locations to get the technical skills and language skills we require."*
 - *"Given that 50% of our staff do international roles and only 25% are EU nationals any reduction would likely result in headcount being moved. The priority is high level business and management skills combined with the need to tackle a mobile senior placement process."*
 - *"New restrictions on EEA labour would increase the time to employ an EU national if the role had to be subject to the immigration Resident Labour Market Test. There would be an additional administrative burden on both the candidate and employer. These impacts would have a disproportionately large impact on SMEs rather than large multinationals, which will have the appropriate business functions to manage these demands."*

⁶ Tech City UK (2017) Tech Nation Report 2017. Retrieved from: <http://technation.techcityuk.com/>

4 To what extent has EEA and non-EEA migration affected the skills and training of the UK workers? How involved are universities and training providers in ensuring that the UK workforce has the skills needed to fill key roles/roles in high demand in the tech sector?

- 4.1 There is no evidence that EEA and non-EEA migration workers have undercut skills and training of UK workers. Tech companies have significantly invested in developing not only the skills of their workforce, but the skills of their local communities. **EEA labour is used by the tech sector to complement, not substitute, for domestic talent**
- 4.2 The key to addressing the UK digital skills gap is to cultivating a domestic digital skills pipeline and improving STEM skills through the education system. This can only be achieved through collaboration between Government, industry, academia and third-sector.
- 4.3 Cultivating domestic digital skills was at the heart of the **Government's Digital Strategy**⁷, with an announcement of a new Digital Skills partnership and commitment from industry on new digital training opportunities. Industry has provided significant digital skills training across a number of levels as part of the Digital Strategy. The UK Government's Digital Strategy sets out a range of industry digital skills pledges, many of which are from techUK members.⁸
- 4.4 There has also been a number of **highly positive developments in recent years** – many of which have been driven by Government working closely with industry to understand skills needs. These include the introduction of the Computing Curriculum in 2014 and the announcement that digital would be at the core of the Post-16 skills plan in 2016. Similarly, the new National College of Digital Skills (known as 'Ada') is potentially a transformative new model, which has benefitted from industry collaboration.
- 4.5 It should be noted that **secondary education teachers in maths, physics, science and computer science remain on the immigration shortage occupation list**. techUK believes that addressing teacher shortages in these areas will be central to addressing the domestic skills gap. Any restrictions on EEA labour will only make it harder to fill these teaching shortages. The MAC also previously stated in a January 2017 report that pay differentials between teaching and other professions needs to be addressed.
- 4.6 There remains **a large number of roles to be filled in the tech sector**, but not enough domestic talent to fill them. While the current initiatives to bridge the digital skills gap will go some way towards equipping young people for future jobs, there nevertheless remain immediate skills shortages.

⁷ UK Government (March 2017) *UK Digital Strategy*. Retrieved from <https://www.gov.uk/government/publications/uk-digital-strategy>

⁸ Ibid. See Ch.2, Digital skills and inclusion - giving everyone access to the digital skills they need.

- 4.7 The need for international talent should not be seen as a stop-gap until such time as the UK is able to train a sufficient domestic talent pool. If the UK is to home to the world-leading tech companies, the ability to attract international talent will be vital. **Companies will always want to hire the best and brightest talent available to them, wherever they come from. This principle will not change as the domestic talent pool grows.**
- 4.8 If the Government is serious about creating a dynamic and open economy that works for everyone, it must **continue to work in close partnership with industry to develop the domestic skills base.** techUK has made a number of recommendations to Government on how to improve our domestic skills in our manifesto *Inventing the Future*. This includes the sector's desire to develop higher apprenticeship standards (Level 6 and up), within the context of the Apprenticeship Levy, to increase the number of domestic, high-skilled individuals to meet the UK's future labour market needs.⁹ As the Tech Nation 2017 report indicates, digital/tech roles are likely to pay wages substantially higher than the national average, so developing the domestic skills base will increase the opportunities among the resident population to take advantage of these high-skilled, high-wage jobs.

5 What are the economic, social and fiscal costs and benefits of EEA migration to the UK economy?

- 5.1 The impact of EEA migrants on the tech sector should be viewed as a strong net positive. As set out in the modelling supplied in the Annex to this submission, **the total GVA per EEA worker as of 2015 was £103,000, almost double that of non-tech sector workers.**¹⁰ Given that approximately 184,200 workers from the EU are current working within the sector, this would give a **total GVA contribution of EU tech workers to the economy of almost £19 billion.**¹¹ The economic contribution of this group can therefore be viewed as significantly higher than in many other sectors.
- 5.2 EU and foreign born workers make up approximately 18% of total employment within digital using and digital producing sectors.¹² This is marginally higher than the 15% of total non-UK born workers within the wider economy. However, in many cases these workers contribute directly to jobs within the UK. For example, a highly-skilled programmer brought from an EU country into the UK to work at a tech company headquartered in the UK can enable business expansion into entirely new fields, such as AI or Machine Learning that were not previously possible. **In doing so, new, typically high-skilled jobs are created, and are available to the domestic workforce.**
- 5.3 In addition to the creation of highly skilled roles, EU tech workers also play a part in creating the knock on benefits of tech to wider employment. **The Resolution Foundation estimates that**

⁹ techUK (May 2017). *Inventing the Future: techUK launches 2017 manifesto*. Retrieved from:

<https://www.techuk.org/insights/news/item/10804-inventing-the-future-techuk-launches-2017-manifesto>

¹⁰ Tech City UK (2017) Tech Nation Report 2017. Retrieved from: <http://technation.techcityuk.com/>

¹¹ techUK (2017). *The UK Digital Sectors After Brexit*. Retrieved from: <https://www.techuk.org/insights/news/item/10086-the-uk-digital-sectors-after-brexite>

¹² *Ibid*

between 2009 and 2015, 234,000 jobs in “advanced industries” (which includes tech roles) created a further 147,000 ‘non-tradable’ jobs within the local area surrounding where these advanced industries jobs were created.¹³ These jobs are often at lower levels of education and skill, and so have social benefits across the spectrum, not just those focused on employment at the highly-skilled/ highly educated end of the spectrum.

5.4 In terms of social costs, while techUK does not have any direct quantitative data on this issue, it is important to recognise that the tech sector is widely seen as having a positive impact on people's lives. 2014 polling by ComRes suggests that **56% of people believe that new technologies have a role in improving quality of life.**¹⁴ This is borne out in UK leadership in new technologies areas such as Medtech and EdTech, many of which rely on a mixture of UK, EU and non-EEA staff and talent.

5.5 There are further examples of the benefits of EU migrants starting successful UK tech businesses to the benefit of UK consumers. **Over half of the UK tech ‘unicorns’ (companies with a valuation of over \$1 billion) were founded by non-UK citizens.** Research by the Centre of Entrepreneurs and DueDil show that migrant founded companies, including digital startups, employ 1.16 million people. This means significant levels of investment and support to the UK as well as the **creation of jobs domestically within the sector.**

5.6 TransferWise, founded by Estonians living in the UK, has allowed users **to benefit from fee reductions in financial transfers of an estimated £45 million a month.**¹⁵ These type of FinTech innovations were created in part due to the UK's unique environment that brings together financial services and technology in close proximity. A similar case can be made in areas such as MedTech, where the ability to collaborate and utilise the biggest healthcare commissioner in the world, the NHS, also brings potential benefits and innovation that may not exist were they to be attempted elsewhere.

6 What are the impacts of EEA migrants on the labour market, prices, public services, net fiscal impacts (e.g. taxes paid by migrants; benefits they receive), productivity, investment, innovation and general competitiveness of UK industry?

6.1 The tech sector pays well above the average UK salary. In 2016 the average digital tech salary was **£50,663, compared with £35,155** for the rest of the economy.¹⁶ There is therefore little evidence that, for the tech sector as a whole, EEA migrants are having a depressing effect on UK salaries. In fact, the tech sector consistently grapples with a high number of vacancies – estimated to be **161,000 by 2020** in the UK.¹⁷ Many tech companies struggle to fill vacancies

¹³ Resolution Foundation (2017). *A rising tide lifts all boats?* Retrieved from: <http://www.resolutionfoundation.org/app/uploads/2017/07/A-rising-tide-lifts-all-boats.pdf>

¹⁴ Nesta (2014). *Innovation Population: Summary Report.* Retrieved from: http://www.nesta.org.uk/sites/default/files/innovation_population_summary.pdf

¹⁵ European Commission (2017). *A study into Cross-Border Payments by TransferWise.* Retrieved from: https://ec.europa.eu/info/law/better-regulation/feedback/2440/attachment/090166e5b42b2a2d_en

¹⁶ Tech City UK (2017) *Tech Nation Report 2017.* Retrieved from: <http://technation.techcityuk.com/>

¹⁷ Empirica (2016). *e-Skills in Europe: Trends and Forecasts for the European ICT Professional and Digital Leadership Labour Markets (2015-2020).* Retrieved from: http://eskills-lead.eu/fileadmin/lead/working_paper_-_supply_demand_forecast_2015_a.pdf

even with current freedom of movement rules, meaning tech talent is scarce and roles are highly remunerated.

- 6.2 Given these higher average salaries, a UK tech worker will pay on average £13,499 in Income Tax and Employee National Insurance every year. With approximately 184,200 EU born workers within the digital producing and digital using sectors, **this equated to almost £2.5 billion in direct taxes each year, on top of business taxation including Employer NIC**. Despite making up approximately 5.1% of the 3.6 million EU citizens in the UK, this level of direct taxation of UK workers within the digital producing and digital using sectors makes up between 5.5% and 8.6% of the £28.8 – £45.4 billion that studies have estimated is spent on EU migrants as a group.¹⁸
- 6.3 While tech is a global sector, with significant UK exports, it is also worth noting that the majority of digital goods and services continue to serve the domestic market. Approximately 80% of final demand for digital goods and services remains with the UK.¹⁹ **Therefore companies started or staffed by EU migrants within the tech sector are ultimately supporting UK consumers**. This is important in order to meet supply in a country with the highest spending per online shopper in the world.²⁰

¹⁸ Full Fact (2017) *How immigrants affect public finances*. Retrieved from: <https://fullfact.org/immigration/how-immigrants-affect-public-finances/>

¹⁹ techUK (2017). *The UK Digital Sectors After Brexit*. Retrieved from: <https://www.techuk.org/insights/news/item/10086-the-uk-digital-sectors-after-brexite>

²⁰ E-Commerce (2016). *Global B2C E-Commerce Report 2016*. Retrieved from: https://www.ecommercewiki.org/wikis/www.ecommercewiki.org/images/5/56/Global_B2C_Ecommerce_Report_2016.pdf

Appendix 1: Posting tech workers to the EU - Scenarios

The ability to manage workforce deployment across the European market is a key issue for workforces within the tech sector. It is particularly important for companies who make the UK their European hub. These companies are hugely important for the UK economy and the tech ecosystem. They make up 1.2% of tech producing and using businesses in the UK but account for 29% of the GVA produced.²¹

Scenario 1: Installs

Many companies within techUK membership highlighted the regular importance of sending out teams of senior engineers to help with complex installs for new clients. These project can range from 3 days to a few months.

While some try to use in-region staff, one more complex or higher-risk projects (for example around cyber security) it will often need senior engineers from the UK to oversee programmes on the ground. Estimates of these cases range depending on the nature of the business. Larger service based companies may only do a few new product installs a year but at significant contract value, whereas smaller product businesses may do a few hundred such projects a year.

While these installs are planned ahead of time, as so there is a possibility to apply for visas, the costs or doing so (both in visa fees and man hours) risk changing the reward/benefit calculation for businesses.

Scenario 2: Emergencies

Of all the scenarios, this is the one that has most regularly been raised with techUK, particularly by very significant inward investors.

Where client facing services (for example a data centre) encounter problems, the ability to deploy senior engineers for a UK hub is seen as business critical. The most obvious example of this is in the case of cyber-attacks.

Member companies have reported regularly being required to deploy senior engineers, particularly those working in the most complex areas (where global staff supply is short), to facilities everywhere from Nice to Berlin to Warsaw at often an hours' notice.

Estimates from larger companies have suggested this response is utilised "over a hundred times a year". For some companies (such as those providing cyber security products) this is likely to grow in line with the instances of cyber-attack.

Scenario 3: Clients to business

While the issue of UK businesspeople travelling to Europe on business is relatively well understood, a number of techUK members highlighted the opposite issue.

²¹ techUK (2017). *The UK Digital Sectors After Brexit*. Retrieved from: <https://www.techuk.org/insights/news/item/10086-the-uk-digital-sectors-after-brexit>

Some business providing immobile tech products (such as data centres), from their UK hub have so-called 'Customer Experience Centres', where prospective clients can be given sight of technology and provided with demonstrations.

While tech companies will manage the cost of hosting a potential client, it would be difficult for them to provide support to process visas etc. Having to do so risk potentially making it more complex for clients to travel to see a UK based demonstration, thereby reducing competitiveness compared to EU-based companies.

The number involved in these kind of operations will again depend on the products offered by each business.

Scenario 4: Senior programmers based within Europe

Another point flagged up by techUK members was that some use a model where their most sought after, highly skilled programmers, are given significant flexibility in where they base themselves, even if the 'home' base is the UK. This is due to the nature of tech which allows offsite working, and that fact that these highly-skilled staff are given large accommodations in order to retain their services.

This means that some senior programmers regularly need to travel to the UK at short notice, or base themselves for a few weeks within the UK, but may be based in France, Spain or another EU country.

Scenario 5: Long term projects

The final key scenario raised by members is longer-term secondments for mid-level staff to help facilitate bigger projects. These may not necessarily be programmers or engineers, but project managers. It is not uncommon for these secondments to last two or more years.

From a Brexit perspective, this presents a challenge for EU nationals working in a UK HQ, who, under the new settled status proposals would not retain their status should they leave the UK for a 2 year period. This means that they effectively could not be deployed in this way.

techUK does not have figures yet for how many people this may effect, in part because the use of secondments within companies by nationality is not recorded.