Appendix 1 - Case Studies

IFRS

The IFRS Foundation is a not-for-profit, international, public interest body responsible for developing a single set of high-quality, global accounting standards, known as IFRS Standards which are mandated by public regulators for use in more than 125 jurisdictions around the world including the UK. The IFRS Foundation has a workforce of around 150, nearly all in London, made up of 33 different nationalities, with approximately 20% of employees being from outside the EEA and approximately 25% being non-UK EEA nationals. The Foundation has around 45 key technical accounting roles, which support the key purpose of the organisation, to develop and maintain international accounting standards around the world. As a result, in order to achieve this goal and maintain legitimacy in the eyes of stakeholders such as the G20 and global public regulators, it is critical that these roles are filled by technical accounting experts that represent a wide range of jurisdictions.

Therefore the IFRS Foundation’s need to fill these roles with talent (who have experience and at least a graduate level qualification) from overseas, stems less from a shortage of relevant skills in the UK, and more from a genuine need to reflect a global constituency. Currently free movement enables this to happen easily from within the EEA. However, while they support initiatives to train the resident workforce, focussing solely on settled workers in the future would not meet their wider needs as an international body; in fact, having too many UK nationals on their staff would make them appear too UK-centric and inevitably risk undermining the very reason the IFRS Foundation exists. In this context, while the IFRS Foundation is currently able to use the Tier 5 (International Agreements) temporary worker route, it believes that it would be beneficial to introduce an exemption to the Resident Labour Market Test for Tier 2 (General) applications for specific roles sponsored by international bodies facing this issue.

Also, generally organisations with a justifiable need to employ talent from overseas because of reasons other than local skills shortages, such as the IFRS Foundation, would appreciate an immigration system that takes account of this dynamic, preferably in relation to Tier 2 of the Points Based System and any extension of this scheme to cover EEA nationals.

A global information technology and defence systems company headquartered in Spain

Our client employs 100 staff in the UK, with approximately 70% of this workforce being made up of EEA nationals. The majority of service delivery roles filled by EEA nationals are skilled at RQF level 6 or above. Our client is concerned that should significant restrictions be placed on the ability of EEA nationals to work freely in the UK, this would inevitably impact on its ability to win UK based contracts and deliver UK based services at a competitive price point. Moreover, the additional delays caused by visa or work permit applications for EEA nationals in the future would almost certainly reduce the ability of the company to meet tight project deadlines.

In addition, there is concern that training the local workforce would not resolve these issues in the short term, particularly when barriers to EEA migration have the potential to affect such a significant proportion of the company’s highly skilled workforce, meaning there may simply not be the capacity to deliver this training internally.
A leading offshore drilling contractor headquartered in the UK with global operations

Our client has 450 staff in the UK, with 120 working in off-shore roles. Approximately 10% of the workforce is made up of non-British, non-Irish EEA nationals, with a further 11% made up of non-EEA nationals. The organisation has identified approximately 202 workers who fill roles that may not qualify as ‘highly skilled’ under the current RQF level 6 definition. Some of these are entry level offshore positions, but many of these roles sit within the organisation’s shared service centre in the North West of England and include entry level accounting roles, jobs in HR and finance and office managers, e.g. roles that are clearly not ‘unskilled’. If significant restrictions are placed on the ability to fill these roles with workers outside of the UK should it prove difficult to recruit from the resident labour market, this may prove to be a contributing factor in any future decision to move the shared service centre outside of the UK.

The shortage of drilling engineers in the resident workforce is well publicised, and these roles have been present on the Shortage Occupation list for many years. Our client is concerned that withdrawing the ability of EEA nationals to work freely in these roles will only exacerbate this shortage. Even if it is technically possible to obtain visas for these roles, the extra expense and administration will make it more difficult and expensive, and any further drop in the strength of Sterling may disincentivise non-UK workers from coming to the UK.

On the subject of training and upskilling the resident workforce in this shortage area, our client has commented that the best solution would be for the industry to pull together with graduate programs for offshore skills. We understand this is a model that flourishes in Norway for example, where they effectively have “drilling schools” with a consistent model of minimum skills and experience, supported by the Oil & Gas industry as a whole.

Our client has also surveyed a number of their EEA workers as to their incentives for remaining in the UK post-Brexit. Whilst many responded that they were settled in the UK and intended to stay, others commented that they would reconsider their decision should there be a further weakening of the pound or if they needed a visa post-Brexit.

A global company

Our client employs over 3000 staff in the UK. At the moment, the company has a significant reliance on EEA workers, particularly filling blue collar roles, as although it does not exclusively seek EEA or non-EEA workers, it is typically harder to find British workers to take up these roles.

Our client has signified the importance of ensuring the right skills are in place for business critical roles, which cannot be filled by a less qualified local candidate, even with the support of additional training. For more junior roles, our client has expressed that it could work with a less qualified local candidate, if the individual was the ‘right candidate’ – our client already has such schemes in place in that it currently offers apprenticeship, internship, Industrial Placements, graduate trainee programmes and significant Learning and Development opportunities for both behavioural and technical skills.

Aside from employees who work under a contract of service, our client also hires contractors (typically agency workers), many of whom may be EEA nationals. Clearly our client has limited visibility of the nationality of this population, it has no responsibility to complete right to work checks on this workforce. Further still, the business need for contractors is assessed on a department-by-department basis. For this reason, it has not been possible for our client to fully assess the impact of Brexit on its use of contractors. Any restrictions in being able to hire contractors would impede its ability to retain and recruit the skills it requires at short notice.
Another important consideration is the ability for our client’s EEA national workforce and their family members to apply for settled status in the UK. Preventing settled status for those filling low skilled roles will further reduce the attractiveness of coming to the UK, particularly as this would mean uprooting their families with no route to staying in the UK in the long-term.

An Australian headquartered software company

Our client, currently employs 677 staff in the UK. At the moment, the company does not have a significant reliance on EEA workers, and instead tends to use Tier 2 of the Points Based System where needed, to sponsor non-EEA nationals. This is partly due to an ongoing difficulty in locating the necessary software development skills and experience from within the settled workforce, both UK and EEA. Our client is concerned about the possibility that Brexit will further reduce the pool of skilled developers in the UK, leading them to experience significant difficulties in filling key, technical roles, the vast majority of which are skilled at RQF level 6 or above. Training unskilled local workers to fill these positions is not necessarily a solution, since the requisite skills are generally tied to the nature of the applicant’s education, which is often insufficient.

Our client would appreciate an immigration system that provides the infrastructure needed to promote the development of skilled workers in the UK and the recognition that where the necessary skills are unavailable from the settled workforce, employers should not be penalised for looking outside of the resident workforce. Clearly the introduction of significant additional costs and administration associated with employing talent from overseas without corresponding efforts by the Government to resolve key skills shortages in areas such as IT will do little to resolve these systemic issues in the long term.