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As the world continues to be impacted by globalization, demographics, technology, innovation and regulation, organizations are under pressure to adapt quickly and build agile people cultures that respond to these disruptive forces. EY People Advisory Services believes a better working world is helping our clients harness their people agenda – the right people, with the right capabilities, in the right place, for the right cost, doing the right things.

We work globally and collaborate to bring you professional teams to address complex issues relating to organization transformation, end-to-end employee lifecycles, effective talent deployment and mobility, gaining value from evolving and virtual workforces, and the changing role of HR in support of business strategy. Our EY professionals ask better questions and work with clients to create holistic, innovative answers that deliver quality results.

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Is your Brexit people strategy mapped out, or are you waiting for direction?

With ongoing negotiations in parliament, businesses should continue to be vigilant and brace themselves for a volatile autumn in which all Brexit scenarios are a possibility. In critical areas, companies should seek to future-proof their business models. Despite an extension to Article 50, in the absence of a ratified withdrawal agreement, a No Deal scenario on 31 October 2019 remains the legal default position.

Navigating uncertainty is at the heart of the Brexit challenge. Focusing on what we know rather than what we don't can help manage potential risks and costs. Our suggestions:

Employment Law

- ▶ There are no immediate impacts or changes proposed on employment law legislation.
- ▶ Conduct a legal risk assessment as part of understanding the workforce. It should cover right to work in the UK, and written contracts of employment for key employees, i.e., notice periods, Mobility/CI/IP clauses and covenants.
- ▶ When gathering employee data, ensure compliance with data protection and discrimination laws.

Reward

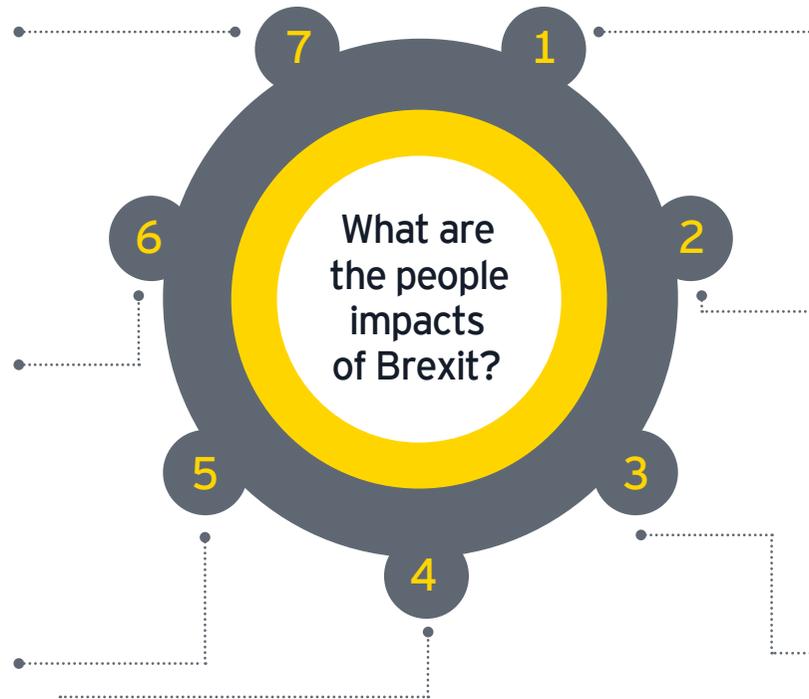
- ▶ Reward and Mobility policies need to be reviewed to account for increased salary and benefit demands as a potential result of the war for talent, or change in location. Exchange rate fluctuations may also need to be accounted for.
- ▶ Employee share plans and performance-linked compensation will need to be monitored and developed as part of the total talent strategy.

Communications

- ▶ Prepare stakeholder engagement and communication plans that cover the board, shareholders, regulators and pension trustees.
- ▶ Channels need to be provided to enable leaders and the wider workforce to express concerns and obtain information.

Workforce analytics and data

- ▶ Analytics can be used to understand the financial impacts of Brexit now and for future modelling.
- ▶ Accurate employee data, i.e., nationality, location and skill set, will be imperative to inform decisions on immigration, workforce planning, and cost modelling.
- ▶ HR transactions, which lead to data export to and from the UK, may come under scrutiny, due to the evolving data protection landscape.



What are the people impacts of Brexit?

HR function and capability

- ▶ HR leaders need to ensure the HR function has the skills necessary to lead change, answer queries and manage risk.
- ▶ Brexit might have significant impacts on the structures and costs of current HR operating models.
- ▶ Brexit may provide opportunities to enhance HR and workforce capability.

Total talent supply

- ▶ Brexit may exacerbate issues surrounding talent attraction and retention. There is a possibility that the war of talent may increase as the UK moves to a points based immigration policy for EU nationals moving to the UK post-Brexit.
- ▶ Even companies with low levels of EU workers could be impacted through talent competition and supply chain risks.
- ▶ The employee value proposition needs to be a focal part of the talent strategy.

Integrated workforce mobility

- ▶ Analysis on who will be affected by potential immigration changes needs to be a priority. Providing focused support to those who are affected will be necessary.
- ▶ The potential exchange rate effects of Brexit will have multiple implications for total labour costs. Relocations may need to be made, which should be planned thoroughly with regards to total labour costs.
- ▶ Inbound and outbound mobile employees need to be considered in the talent and reward strategy. Ensuring any additional tax and social security liabilities have been assessed.

Why act now?

- ▶ The uncertain landscape and fluctuating Brexit timeframes, may cause businesses not to take action. Many of the workforce mitigating actions can be conducted in parallel to ongoing Government negotiations. However, there are key recommendations that all businesses can take, despite the level of uncertainty:
 - ▶ Conduct a workforce assessment to identify Brexit risks.
 - ▶ Analyse existing immigration, mobility and talent models to identify areas for potential change.
 - ▶ Create communication channels to alleviate potential uncertainty and anxiety from the workforce.