

Immigration Post Brexit – Will There Be An Increase In Commuter Assignments?

After nearly two years of negotiations, EU-27 leaders endorsed a Brexit withdrawal agreement at a meeting of the European Council in Brussels on 25 November 2018. At the time of this writing, we await the UK's 11 December Parliamentary vote to determine what happens between now and the ultimate 29 March 2019 departure deadline. There are clearly multiple changes ahead that will have an impact on the movement of talent – no matter what happens next. One possible post-Brexit scenario for global mobility professionals to consider is the prospect of a surge in the number of intra-European and UK commuter assignments, and the policy adaptations and responses that may be required to support them.

Long before the Brexit referendum, the use of flexible mobility programmes in the face of changing employee demographics, family and business needs was steadily and rapidly growing. Now, as the exact details and ramifications of the UK's departure from the EU take shape, it's very likely that we'll see an even greater increase in the demand for flexibility and innovative solutions. As business leaders across multiple industry sectors consider whether to expand existing, open new, or transition activities and talent from the UK to EU hubs like Amsterdam, Brussels, Frankfurt or Paris, they'll also require an array of solutions to meet new recruiting, hiring and staffing needs, with talent pools representing different types of work and travel eligibility.

Size And Scope

According to a 2017 fact sheet issued by the European Commission, 16 million Europeans were living and working in a member state other than the one of their national origin, and 1.7 million Europeans commuted to another member state every day. Take a clearly robust cross-border commuter environment and factor in potentially new payroll, tax, immigration, healthcare/insurance and pension ramifications for UK citizens going to work in EU locations, and vice versa, and the situation

becomes considerably more complex. And that doesn't even consider the GDPR-mandated regulations around communication, personally identifiable information and security as those employees come and go, and employers and service partners track and monitor all of the necessary data associated with that to remain in compliance.

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AIRINC's most recent Mobility Outlook Survey (2018) reports that "54% of companies anticipate an increased demand for cross-border mobility this year. The types of mobility are not all more of the same, though; companies continue to expand the way in which cross-border mobility is defined. The trend remains for companies to expand the range of mobility options available to meet different talent needs. 33% of companies plan to add a business traveller policy to their offerings this year, while 23% will add a policy for commuters, and 20% of companies expect to formalise their international one-way transfer approach". The report further indicated that 30% of respondents anticipate an increase in commuter assignments within the next year.

There are a number of different things that define a commuter assignment, including its overall duration, how far an employee travels and how many days he or she remains in the host location for work each week. EU law

currently defines cross-border commuters as those who work in one EU country but live in another, and return at least once a week, if not more frequently.

Aires' Pulse Survey – Commuters, conducted last May, confirmed that there seems to be no clear-cut definition of commuters at present, but respondents cited "living in the work location Monday through Friday" most frequently. In spite of wide variances and scenarios that create different types of commuters, there is one element that seems to be consistent: a large majority of companies report that their management and tracking falls under the global mobility umbrella. In the Aires findings, 61% of its participants indicated commuters are handled within the overall mobility function.

There are multiple reasons for both employers and employees to deem commuter status more appropriate, convenient or appealing than a traditional or short-term assignment, or a permanent move. For employers, the types of skills needed, for how long and in which locations factor heavily into the decision. Employees tend to place considerable weight on their personal financial and lifestyle implications, the impact on the careers and/or the income support of a spouse or partner; a possible need for elder or child care, or the current ages and educational status of dependents when deciding whether uprooting is right for them.

Cost is often the first thing to come to mind. But, as Andrea Duxbury of ECA International points out in *Commuter Assignments – The Consequences Beyond The Financial Cost*, "the financial implication is far from the only factor that matters when deciding if a commuting arrangement is right for both the employee and the company".

There are the "hard costs" to both parties - from accommodation and transportation expenses, to how meals and visits from a spouse, partner or other family members will be treated, and what, if any, home location expenses incurred as a result of the commuting arrangement will be covered. It's crucial to have a realistic understanding of those costs. As Duxbury from ECA notes, "Not only is a commuter assignee likely to be living more 'conveniently,' and therefore expensively, in the host location than at home or when on a long-term assignment, but they may also be dining out more or shopping in small, more expensive

convenience stores in the city centre rather than large out-of-town supermarkets. On top of this, they will still be maintaining a household in their home country.

Typically, a subsistence allowance or per diem will need to be paid to a commuter to cover their meals and the cost of other basic goods and services for the days that they spend in the host country. Alternatively, they could expense these costs, though this means administration for the company as well as for the employee.

Most participants in the Aires' Pulse Survey (86%) indicate that they pay and reimburse actual expenses of commuters, with only 14% reporting providing a lump sum payment as the primary or sole benefit.

But there are also certain costs that are harder to measure or quantify, such as the impact on an employee's personal and family life. For the company, if the intent of the assignment is to build teams or immerse an employee in the culture of a new office, the disruption of coming and going on a regular basis and a lack of social integration may be counterproductive to the company's overall business goals.

Another area of tremendous variability seems to be in how companies determine the benefits that commuters will receive. The Aires study notes: "Overall, 66% confirm policy 'always' or 'usually' plays a

role; for those reporting that most of their commuters are company-initiated (vs. employee-initiated), all confirm the policy 'always' or 'usually' plays the biggest role".

The bottom line is that for many reasons, the best talent may be unwilling or unable to relocate to a new location for those companies considering post-Brexit alternatives. Where feasible and practical for both sides, flexible plans like cross-border commuter arrangements and telework may be a solution, as long as both parties fully understand the legal, tax, social and expense ramifications, which are highly complex and determined by a number of different factors.

The good news is that you don't have to go it alone. For more information on what the different scenarios are that could unfold for the Brexit process, and how they are likely to impact mobility professionals, catch the free Worldwide ERC® and Altair Global-sponsored archived webinar - How Do You Want Your Brexit: Hard, Soft or Scrambled? on the Worldwide ERC® website.

For an in-depth discussion around developing the best employee experiences, flexible solutions and commuter policies, among other current challenges and opportunities for global talent professionals, plan to take part in the Worldwide ERC® full-day Frankfurt Mobility Summit on 7 February, 2019.



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