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THE ADECCO GROUP

# The facts about Brexit

— January 2019 —

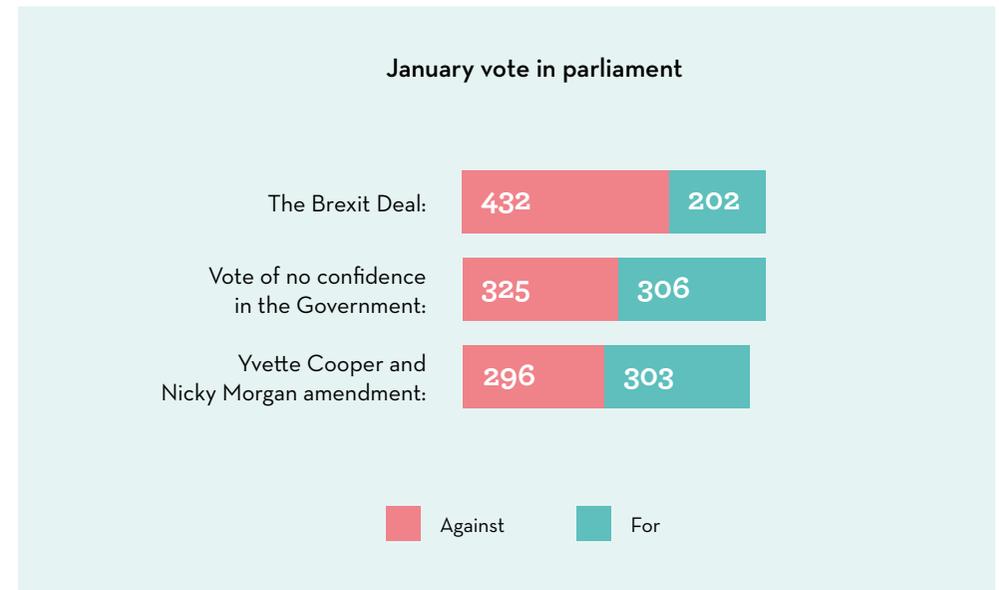
# Brexit deal finally voted on

Halfway through January 2019, Parliament was finally given an opportunity to vote on the deal brought forward by Theresa May. This vote was defeated 432 to 202.

This 230-vote defeat was the largest in modern history, beating the previous 166-vote margin set in 1924. The result included more than 100 Conservative MPs voting against their party leader.

Labour leader Jeremy Corbyn followed this by calling a vote of no confidence in the Government. This vote was defeated 325 to 306 as all MPs voted with their own parties.

The Government had already suffered one defeat earlier in the month as an amendment to their finance bill was passed. This amendment was a cross-party initiative led by Labour MP Yvette Cooper and Conservative MP Nicky Morgan and means that the Government will not be restricted in its tax powers unless it has achieved agreement from Parliament that leaving the EU without a deal is the correct course of action.



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# Government plans start

As the year began, the UK Government launched the **euexit.campaign.gov.uk** website. The site has information aimed at businesses, EU nationals living in the UK and UK nationals living in the EU.

The site covers all exit scenarios and provides previously published advice on a range of topics.

Similarly, January also saw the official start of the process to allow EU nationals to apply for settled status in the UK. The 3.5 million now have until June 2021 to apply. Initially the scheme carried an application fee of £65 but this has been subsequently removed by the Prime Minister.

In order to carry this out, the Government has invested £175m, hired 1,500 new caseworkers and even developed a smartphone app. Despite this think-tank, British Future has warned that one in three may struggle to complete the application due to poor English or IT skills.



# Business moves

It's not just the UK Government that has used the new year to start proceedings. UK businesses continue to make visible decisions with respect to Brexit.

According to the Autumn 2018 version of the Adecco Group Brexit tracker, 9% of respondents believe their company will move operations outside of the UK as a result of Brexit.

Which of the following actions related to recruitment practices, if any, do you believe will be taken by your organisation in the future as a result of the UK's decision to exit from the European Union?



Source: Adecco Group Brexit tracker - Autumn 2018

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Perhaps the highest profile move was that of Japanese conglomerate Sony that in January 2019 decided to follow rival Panasonic and move its European headquarters from Weybridge to Amsterdam. The move is to avoid customs issues.

Although the company has said it won't shift any personnel or operations at this stage, it did warn that Brexit may hurt Japanese firms which employ 150,000 workers in the UK.

This warning was echoed by Airbus CEO Tom Enders. "The UK's aerospace sector now stands at the precipice," Enders said in a video released on the Airbus website. "If there is a no-deal Brexit, we at Airbus will have to make potentially very harmful decisions for the UK."

In fact, the Netherlands Foreign Investment Agency (NFIA) has said that more than 250 companies have been in touch with the Dutch Government concerning moving operations to the country because of Brexit.



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Airbus CEO, Tom Enders

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This figure is in addition to the European Medicines Agency (EMA) which has already confirmed its departure for the Dutch capital.

The EMA is also of interest as it's at the centre of a potential test law case for property contracts. The agency has an existing 25-year lease on a property in East London with Canary Wharf Group, developers of the London Docklands financial district.

The EMA has argued that Brexit invalidates the contract due to 'Frustration' - a legal term meaning an unforeseen event that has made the contract impossible to fulfil or has radically changed the reason for signing it.

Canary Wharf Group has filed a case with the high court and wants a judge to enforce the contract.

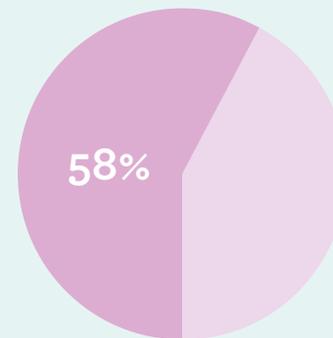


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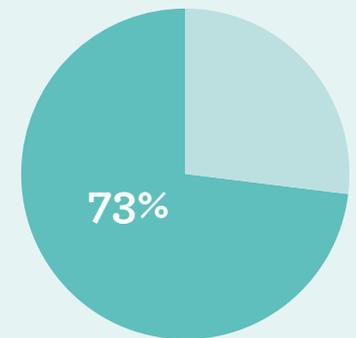
# Business impact

An increasing number of reports are now showing a distinct change in feeling towards Brexit and its perceived impact on UK business this month.

In the Boardroom Bellwether survey, conducted by governance body ICASA, nearly three quarters (73%) of company secretaries at FTSE 350 companies believe their company would be damaged as a result of Brexit. This compares to a majority (58%) six months earlier saying it would have no effect.



**H1 2018**  
of FTSE 350 company secretaries believe Brexit would have no impact on their company.



**H2 2018**  
of FTSE 350 company secretaries believe their company would be damaged as a result of Brexit.

Source: Boardroom Bellwether

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The British Chambers of Commerce (BCC) reported the slowest growth in the services sector for two years in the fourth quarter of 2019. The Bank of England reported the overall the economy grew by 0.2% in Q4 2018 down from 0.6% in the previous quarter.

“The UK economy is in stasis”, **BCC Director General Adam Marshall** said.  
“With little clarity on the trading conditions they’ll face in just two months’ time, companies are understandably holding back on spending and making big decisions about their futures.”

Investment decisions are certainly being impacted as Hitachi became the second firm in two months to abandon a major nuclear project in the UK. The Japanese company was building a £16bn plant in Anglesea in Wales. This project will cause the loss of 300 jobs directly and more in the surrounding economy.

Car maker Jaguar announced a halt in production for all three of its UK plants for the week 8th to 12th April 2019.



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BCC Director General, Adam Marshall