

Four months to go: Brexit business concerns

Over the past month, interest in Brexit has picked up again as thoughts turn to the end of the year. With the end of transition creeping ever closer, Tom Rathborn shares some of the trends he's seeing in the market.

No one knows how exactly Brexit will pan out.

That said, the default position of No-Trade-Deal is the most damaging to many organisations. I have, however, seen a growing tendency of businesses to ignore the probable and instead, create scenarios that suit their needs. It's important that wishful thinking does not cloud your planning.

Scenarios need to be realistic to be valuable. Plan for the worst, hope for the best.

Here are a few other things I have noticed.

A 'wait and see' approach to Brexit prevails

As the fourth Brexit deadline nears, many businesses are loath to do too much, having previously been burned.

When you have spent significant sums in advance of previous deadlines, only to see extensions and fudges, there is an understandable reluctance to act now in advance of yet another one.

We are seeing a number of businesses say 'we are waiting for further clarity' when pressed about their plans. For some, this means they have taken all the necessary steps to continue business-as-usual in the event of No-Trade-Deal. They're happy to absorb some extra costs, but comfortable to wait before making drastic change. Others are waiting on more information before acting at all.

Though understandable, it is vitally important that organisations are ready for change come January 2021. Many steps, such as gaining EORI numbers or VAT registrations, are relatively inexpensive, and can be done ahead of time.

For those who can navigate the disruption in the short term, waiting makes sense. For others, it may be too late.

Best in class planning

It has been great to see businesses' taking Brexit seriously and planning accordingly, but it's clear that some planning has been rather disjointed.

In some cases, this is led by a certain department; often, procurement or supply chain. They can be all over the impact on them, but not joined up into other teams.

Where organisations do not have a joined-up, centralised approach, things can be missed, and efforts duplicated.

The best plans we have seen...

...have senior buy in

It is vital that the top of the organisation is engaged and leading the work. They give it credibility, provide oversight and, importantly, can make big decisions.

...capture everything in a central document

It may sound obvious, but simple planning documents that outline the risks and owners can be incredibly valuable. With the added disruption of COVID-19, many people have either left firms, changed roles or are off sick. Ensuring risk owners and their stand-ins are identified clearly and up to date is vital.

...consider the business end-to-end

Think about how your customers and suppliers view your business, not just the business functions you operate in.

COVID-19 highlighting potential people issues ahead of Brexit

As the pandemic spread and the UK went into lockdown, employees began remote working. With no requirements to travel to offices, many businesses have found their employees working from new locations, occasionally overseas.

Employees logging in from overseas to work may cause challenges for their organisations, such as creating a taxable presence and possible regulatory compliance failures.

Brexit will likely add additional complexity as the EU Free Movement of People ends for UK nationals. UK nationals working remotely from the EU post-transition will face additional barriers around their right to work. The pandemic has enabled organisations to understand whether this risk applies to them, what size of problem it creates and come up with solutions and policies ahead of time.

At Grant Thornton, we continue to work with businesses on their Brexit preparation and would welcome to hear how your business is planning for Brexit.

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