

# SPEAR'S

## Brexit woes: Is the UK still attractive to EU HNWs?

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*Immigration has become perhaps the most decisive issue influencing the referendum, largely for emotional rather than economic reasons, says **Kathryn Bradbury**.*

Recently the Office for National Statistics (ONS) released figures which demonstrated that over the past five years immigration was just over twice as high as previous official figures, at 2.2million as opposed to the 1.1million figure quoted previously. However, an examination of the use of national insurance numbers demonstrated that the difference was accounted for by short-term migration (those coming to work for one year or less). Furthermore, a large number of those coming to the UK temporarily worked in care, teaching and agriculture, industries that suffer from a lack of supply.

A separate set of statistics released by HMRC showed that EU migrants are net contributors to the public purse, contributing £3.1billion in taxes in 2013-14, five times as much as they received in welfare benefits.

According to ONS data on long-term migration in 2015 around 257,000 EU nationals came to the UK. In the same period 273,000 came from outside of the EU under the UK's immigration rules. The figures for controlled and uncontrolled long-term migration are virtually the same.

It would seem, therefore, that it is the perception of immigration rather than the reality that is causing concern. It is true that migration adds to pressure on housing, but it is planning constraints that are the problem there, not immigration. It cannot be argued that migrants displace British workers when the employment rate is at a new high. Other strong economies such as Canada and Australia are experiencing a similar pattern of migration for the simple reason that people move where there are

jobs for them. Rich countries need migration to thrive, not least to sustain their public services.

Despite this, there remains very real concern over the likely outcome of the referendum. Individuals and employers are starting to consider and plan for what they would do in the event of a withdrawal from the EU and the possible removal of free movement rights.

There has been a substantial increase in EU nationals applying for permanent residence or British citizenship where they qualify to do so. Home Office figures released to *The Times* under a freedom of information request show the number of EU migrants applying for British citizenship rose from 4,179 in the third quarter of last year to 5,245 in the final three months.

Businesses are reporting that they will have difficulty filling positions from the UK domestic workforce if free movement rights are removed, particularly at the lower skilled end of the market. The government would need to consider amending the UK's immigration rules to fill these gaps.

It is also unclear what will happen to the 3 million EU nationals currently living in the UK. The *Guardian* reported on 15 May that Lord Keen of Elie, the government's home affairs spokesman in the House of Lords, said in a response to a question from a fellow peer that there is 'a great deal of uncertainty about how it would work'.

For HNWs from outside of the EU, the fact that a British passport may no longer provide access to the EU will certainly be a factor in any decision over where to relocate to. Whether the pull of the UK schools, tax system, and property market will be sufficient to retain the UK's attractiveness in the face of stiff competition from citizenship by investment programmes of Cyprus and Malta remains to be seen.

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