Summary: Intervention and Options

<table>
<thead>
<tr>
<th>Cost of Preferred (or more likely) Option</th>
<th>RPC Opinion: RPC Opinion Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Net Present Value</td>
<td>Business Net Present Value</td>
</tr>
<tr>
<td>£m</td>
<td>£m</td>
</tr>
</tbody>
</table>

What is the problem under consideration? Why is government intervention necessary?
Currently, EU law provides free movement of EU, EEA and Swiss nationals (referred to collectively throughout this Impact Assessment (IA) as “EEA nationals”) to the UK. The Government has committed to end free movement of persons once the UK leaves the EU. This requires primary legislation to repeal saved EU law relating to free movement. Without this, the Government would not be able to end the EU’s rules on free movement. The Bill makes EEA nationals and their family members subject to UK immigration controls. This means they will require permission to enter and remain in the UK under the Immigration Act 1971. The Bill contains a power which enables the Government to amend the retained social security coordination regime and deliver policy changes post EU Exit. The Government has published a White Paper that sets out detailed proposals for the future border and immigration system after EU Exit.

What are the policy objectives and the intended effects?
The policy objective is to repeal EU law on immigration. The Bill allows for:
1) The immigration status of EEA nationals and their family members to be aligned with non-EEA nationals, 2) The immigration status of Irish citizens to be protected after EEA free movement rights end and 3) Amendments to retained EU law relating to social security coordination.

What policy options have been considered, including any alternatives to regulation? Please justify preferred option (further details in Evidence Base)
Primary legislation is the only option (therefore the Government’s preferred option) available to make the changes required to achieve the Government’s objectives. No alternatives to primary legislation were considered as these would not meet the Government’s objective to end free movement.

Will the policy be reviewed? It will not be reviewed. If applicable, set review date: N/A

Does implementation go beyond minimum EU requirements? N/A

Are any of these organisations in scope?

<table>
<thead>
<tr>
<th>Micro</th>
<th>Small</th>
<th>Medium</th>
<th>Large</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td></td>
<td></td>
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</table>

What is the CO₂ equivalent change in greenhouse gas emissions? (Million tonnes CO₂ equivalent)
Traded: N/A Non-traded: N/A

I have read the Impact Assessment and I am satisfied that, given the available evidence, it represents a reasonable view of the likely costs, benefits and impact of the leading options.

Signed by the responsible Minister: [Signature]
Date: 17/12/10
Policy Option 1

FULL ECONOMIC ASSESSMENT

<table>
<thead>
<tr>
<th>Price Base Year</th>
<th>PV Base Year</th>
<th>Time Period Years</th>
<th>Net Benefit (Present Value (PV)) (£m)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>Low: N/A High: N/A Best Estimate:</td>
</tr>
</tbody>
</table>

COSTS (£m)

<table>
<thead>
<tr>
<th></th>
<th>Total Transition (Constant Price) Years</th>
<th>Average Annual (excl. Transition) (Constant Price)</th>
<th>Total Cost (Present Value)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>High</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Best Estimate</td>
<td></td>
<td></td>
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</tbody>
</table>

Description and scale of key monetised costs by ‘main affected groups’

The details of the future immigration arrangements that will apply to EEA nationals and their family members will be set out in Immigration Rules. They are not set out in the Immigration and Social Security Co-ordination (EU Withdrawal) Bill. The costs of any future system have not been assessed. Similarly, detailed social security co-ordination policy arrangements are yet to be determined therefore the costs of any future system have not been assessed.

Other key non-monetised costs by ‘main affected groups’

Any changes to the UK’s immigration system might have an impact on future migration flows to and from the UK, as well as on the resident population and on businesses operating in the UK. Where possible, a qualitative analysis of the costs of the provisions under the preferred option is presented in the IA. The Government has published a White Paper discussing proposals for the UK’s future border and immigration system; to support these proposals an economic appraisal of the potential impacts is included as an annex to the White Paper.

BENEFITS (£m)

<table>
<thead>
<tr>
<th></th>
<th>Total Transition (Constant Price) Years</th>
<th>Average Annual (excl. Transition) (Constant Price)</th>
<th>Total Benefit (Present Value)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>High</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Best Estimate</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Description and scale of key monetised benefits by ‘main affected groups’

The details of the future immigration arrangements that will apply to EEA nationals and their family members will be set out in Immigration Rules, they are not set out in the Immigration and Social Security Co-ordination (EU Withdrawal) Bill. Therefore, the benefits of any future system have not been assessed. Similarly, detailed social security co-ordination policy arrangements are yet to be determined therefore the benefits of any future system have not been assessed.

Other key non-monetised benefits by ‘main affected groups’

Quantitative estimates of wider benefits of the impacts has not been possible at this stage. Where possible, a qualitative analysis of the benefits of the provisions under the preferred option is presented in the IA. The Government has published a White Paper discussing proposals for the future border and immigration system; to support these proposals an economic appraisal of the potential impacts is included as an annex to the White Paper.

Key assumptions/sensitivities/risks

The impact of future changes in immigration policy on migration flows to and from the UK will depend on the details of the future border and immigration system. However, decisions to migrate are complex and several other factors will also affect changes in migration flows.

BUSINESS ASSESSMENT (Option 1)

<table>
<thead>
<tr>
<th>Direct Impact on business (Equivalent Annual) £m:</th>
<th>Score for Business Impact Target (qualifying provisions only) £m:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Costs: N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Benefits: N/A</td>
<td></td>
</tr>
<tr>
<td>Net: N/A</td>
<td></td>
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</tbody>
</table>
Evidence Base (for summary sheets)

1. Background to the Immigration and Social Security Co-ordination (EU Withdrawal) Bill

1. Following the result of the referendum on 23 June 2016, the Government introduced legislation to begin the process of leaving the European Union.

2. The European Union (Notification of Withdrawal) Act 2017 was passed into law on 16 March 2017, which gave the Prime Minister the legal authority to notify the EU of the UK’s intention to withdraw from the EU under Article 50 of the Treaty on the European Union. That notification was given to the President of the European Council, Donald Tusk, on 29 March 2017. Under Article 50, the UK has up to two years from the date of notification to negotiate a withdrawal agreement with the EU, after which our membership of the EU will end unless the European Council and the UK agree to extend this period.

3. On 26 June 2018, the European Union (Withdrawal) Act received Royal Assent. This Act seeks to provide certainty for businesses, the public sector and the public by converting EU law into UK law on the day the UK leaves the EU, ensuring that businesses can be clear about the rules that will apply in the UK after exit. The Act principally:
   a) repeals the European Communities Act 1972 (ECA) and ends the supremacy of EU law in UK law;
   b) saves direct and EU-derived domestic legislation and rights flowing from EU law as part of UK law on exit; and
   c) creates delegated powers to make secondary legislation to enable corrections to be made to the laws that would otherwise no longer operate appropriately once the UK has left, so that the domestic legal system continues to function correctly outside the EU.

4. One consequence of the European Union (Withdrawal) Act 2018 will be to maintain free movement as part of UK law after the UK’s withdrawal from the EU. Without further changes, that would mean that free movement of EEA nationals and their family members to the UK would continue post EU-Exit.

5. The Queen’s Speech on 21 June 2017 announced an Immigration Bill as one of the Bills needed to ensure the UK makes a success of Brexit. The Immigration and Social Security Co-ordination (EU Withdrawal) Bill will end the EU’s rules on free movement of people post EU-Exit; this will enable the Government to control immigration from the EU and make rules in the national interest. The Immigration and Social Security Co-ordination (EU Withdrawal) Bill is therefore needed to repeal the EU rules on immigration, primarily on free movement, and make the necessary amendments to bring EEA nationals and their family members under UK immigration laws. The Bill therefore establishes the legislative framework for the future immigration system for EEA nationals, but it does not set out the detail of this system. This impact assessment (IA) therefore discusses potential impacts where possible but does not pre-empt future decisions on the immigration system. The Government will set out any future immigration arrangements for EEA nationals in Immigration Rules in accordance with the economic and social needs at the time. The detailed immigration arrangements are yet to be finalised, however the Government has published its proposals in the White Paper on the UK’s future border and immigration system.

6. Another consequence of the European Union (Withdrawal) Act 2018 is that it retains the EU law which governs the co-ordination of social security between Member States and contains rules relating to individuals whose social security situation is not confined to a single Member State. This includes rules relating to the payment of social security contributions and access to benefits (including export and aggregation). The Bill provides the necessary power to allow the UK to amend the retained social security co-ordination regime and deliver policy changes post EU-Exit.
7. The UK is implementing its commitment to protect the rights of EU citizens and their family members already resident in the UK through the EU Settlement Scheme under the Immigration Rules. When fully implemented the EU Settlement Scheme will enable resident EU citizens and their family members to apply for UK immigration status. An IA for the EU Settlement Scheme has been produced to support secondary legislation for the scheme. The IA provides analysis on the costs and benefits of the scheme, these issues will therefore not be addressed here.

8. The Immigration and Social Security Co-ordination (EU Withdrawal) Bill intends to provide the legal framework for the future immigration system when the UK leaves the EU. The Government commissioned the Migration Advisory Committee (MAC) to examine how the UK economy makes use of and recruits EEA nationals, and the impacts of EU migration on the economy. The MAC is an independent non-departmental public body that provides transparent, independent and evidence-based advice to the government on migration issues. In September 2018, as requested, the MAC published its findings. The MAC report provides wider evidence on EEA migration and its impacts on the UK economy. The MAC considered a wide range of impacts of EEA migration including on labour markets, productivity and its drivers, on consumer and house prices, on public finances, on public services and on communities. When deciding what the future immigration arrangements for EEA nationals will be, the Government has indicated it will take account of the MAC recommendations, as well as the views of businesses and stakeholders.

9. The Immigration and Social Security Co-ordination (EU Withdrawal) Bill also protects the status of Irish citizens in UK immigration law post EU-Exit, reflecting the historic ties between the UK and Ireland. This status for Irish citizens existed prior to the UK’s membership of the EU. Specifically, the Bill will protect the immigration status of Irish citizens in UK law once their free movement rights end. The Bill also includes provisions that allow amendments to be made to retained EU law concerning social security coordination, allowing the UK to implement policy changes after EU-Exit.

10. The Immigration and Social Security Co-ordination (EU Withdrawal) Bill therefore provides the legal framework for the future immigration system post EU Exit. It ensures the UK can make the necessary changes to end free movement and other EU derived laws. The detail of the future system will be introduced through the usual mechanism of the Immigration Rules and secondary legislation.

11. Although the Immigration and Social Security Co-ordination (EU Withdrawal) Bill does not include details of the Immigration Rules that will apply to EU citizens in the future, the Government has published a White Paper with proposals for the future border and immigration system. The economic impact of these proposals has been assessed and is set out in the annex on economic appraisal published with the White Paper.

2. Policy objective

12. Overall, the main purpose of the Immigration and Social Security Co-ordination (EU Withdrawal) Bill is to bring EEA nationals and their family members under UK immigration laws by allowing the Government to repeal EU retained law on immigration. This will enable the Government to fulfil its commitment to end free movement after the UK leaves the European Union and to create a fair and sustainable immigration system that gives control over the numbers of people who come to the UK and their ability to access UK public funds.

13. The Immigration and Social Security Co-ordination (EU Withdrawal) Bill will also provide for the immigration status of Irish citizens to be protected after free movement end.

3. Options considered

14. As this is a Final IA, the options considered are a do-nothing option, where the Immigration and Social Security Co-ordination (EU Withdrawal) Bill is not introduced, and a preferred option where the

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2 In addition to the final report, in August 2017 the MAC published a Call for Evidence to gather views from stakeholders and develop its response to the Government, as well as a Briefing Paper on EEA-workers in the UK labour market with an overview of recent migration trends from the EEA to the UK. In March 2018, the MAC published an interim update on EEA workers in the UK labour market summarising the responses from employers to the call for evidence and published its final report on 18th September 2018. All MAC reports and documents are available at https://www.gov.uk/government/organisations/migration-advisory-committee.
Immigration and Social Security Co-ordination (EU Withdrawal) Bill is introduced with the provisions currently envisaged.

**Status quo – current arrangements**

15. The UK's current immigration arrangements, whereby EEA nationals and their family members are free to live in other EEA countries to work and study, are retained in UK domestic law by the EU (Withdrawal) Act 2018. This means that, under the current system, EEA nationals and their family members enjoy a right to enter and reside in the UK without the need to obtain permission under the Immigration Act 1971. Current arrangements provide that EEA nationals can generally access UK public funds on the same terms as British nationals and that the UK pays certain benefits to, or in respect of, people living in EEA countries.

**Do nothing**

16. Under the do-nothing option, after EU Exit, the Immigration and Social Security Co-ordination (EU Withdrawal) Bill would not be introduced. The IA assumes that under 'do nothing' current arrangements would remain in place and as such the 'do nothing' option is equivalent to the current arrangements whereby EU rules on freedom of movement are retained in UK domestic law by the EU (Withdrawal) Act 2018. This means that EEA nationals and their family members would be able to continue to live and work in the UK in accordance with retained EU law without any restrictions. Similarly, the EU (Withdrawal) Act 2018 retains the EU law which provides for social security co-ordination. Without the power in the Immigration and Social Security Co-ordination (EU Withdrawal) Bill, the current EU social security co-ordination regime (with relevant fixes made under the EU (Withdrawal) Act powers) will remain in place, as the UK Government would not be able to make policy changes to this regime.

17. However, under this option the Government would not be able to control immigration from the EU and would not meet its objectives as set out in the Government White Paper on the “the Future Relationship between the United Kingdom and the European Union” published on 12 July 2018. Additionally, the Government would not be able to enact policy changes to the retained regime on social security co-ordination. For these reasons, the 'do nothing' option is not considered a viable option.

**Preferred option**

18. The Government has committed to ending free movement to the UK from Europe following EU Exit to control the number of people who come to the UK. This requires changes to primary legislation through the introduction of the Immigration and Social Security Co-ordination (EU Withdrawal) Bill. In future, EEA nationals and their family members will require permission to enter and remain under the Immigration Act 1971. The details of the future immigration system will, as now, primarily be set out in the Immigration Rules but are yet to be determined as discussed earlier. The Government will similarly be able to deliver policy changes to the retained social security coordination regime.

19. Under the preferred option, the Bill is introduced to set the framework to deliver the future immigration system post EU Exit. The Bill establishes the legislative framework for the future immigration system for EEA nationals, but it does not set out the details of this system. These requirements will be provided for in the Immigration Rules and by other existing powers to make secondary legislation.

4. **Assessing the Preferred Option and its provisions**

20. The impact of the Bill is assessed against a ‘do nothing’ option, which represents the status quo.

21. Under the EU (Withdrawal) Act 2018, EU law is saved in UK law, which means that the EU legal framework that allows the free movement of EEA nationals and their family members to the UK will be maintained. The ‘do nothing’ option has no impact or change in this respect and once the UK

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leaves the EU in March 2019, as a matter of UK law, EEA nationals and their family members will be able to continue to move freely and reside in the UK in accordance with current free movement law.

22. To make changes to end free movement to the UK, the Government must bring forward primary legislation to repeal the retained EU law by the EU (Withdrawal) Act. The Immigration and Social Security Co-ordination (EU Withdrawal) Bill will do this by repealing the retained EU law on free movement and will also make changes to immigration legislation to remove exemptions from immigration law which currently apply to EEA nationals and their family members. As a consequence, EEA nationals and their family members will require permission to enter and remain in the UK under the Immigration Acts and be subject to Immigration Rules.

23. As previously noted, some of the primary impacts of the Bill will depend on the precise details of the future immigration system and its application to EEA nationals, and on the changes made to the social security co-ordination rules. However, the Bill provides the legal base for changes to be made. The details of the new arrangements will be implemented via Immigration Rules and other secondary legislation as per the current system. The Government has published a White Paper with its proposals for the future border and immigration system and an economic appraisal of the potential impacts of these proposals as an annex to the White Paper.

24. The Bill provides a framework to enable the future immigration system to operate, and for the UK to modify retained EU law relating to social security co-ordination. The following tables will consider in detail each of the provisions included in the Bill.

25. The Bill:

- repeals retained EU law relating to free movement and includes a power to make consequential changes (Table 1);
- introduces provisions to protect rights of Irish citizens post EU Exit (Table 2);
- takes a power enabling the Government (or, where appropriate, a devolved authority) to modify retained EU law relating to social security coordination (Table 3).

26. As set out in the tables, the Immigration and Social Security Co-ordination (EU Withdrawal) Bill includes some provisions which do not require secondary legislation to implement them and therefore would have a direct impact once the relevant provision is commenced, others do require secondary legislation to be implemented and therefore for these measures the impact would only materialise when secondary legislation is made. For measures to be introduced through secondary legislation which have an impact on business, they would also be accompanied by an IA.
<table>
<thead>
<tr>
<th>Provision</th>
<th>Description</th>
<th>Data and Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>1a) Repeal of principal retained EU law on free movement and immigration</td>
<td>The Bill repeals EU retained law primarily on free movement; this clause introduces the schedule which specifically, revokes the Immigration (European Economic Area) Regulations 2016 which implement the Free Movement Directive. It repeals section 7 of the Immigration Act 1968, which will have the effect of bringing EEA nationals and their family members within the scope of the Immigration Act 1971. By doing so, EEA nationals and their family members will require permission to enter and remain in the UK. The Bill also repeals directly effective rights on immigration which are set out in the EU Treaties, so these cannot have an impact on immigration after exit, and other EU law relating to immigration. This would, for example, prevent EU nationals seeking to rely on retained law on the free movement of services as a basis for entry to the UK. The Bill also repeals directly effective treaty rights relating to immigration that are set out in international agreements, for example immigration provisions in the Swiss Agreement on the Free Movement of Persons and the Association Agreement with Turkey.</td>
<td>When looking at long term migration, immigration to the UK by EU nationals was 219,000 in the year ending June 2018, while in the same period emigration from the UK by EU nationals was 145,000, equivalent to an overall net migration to the UK by EU nationals of +74,000. There were around 22.2 million visits from EEA nationals in 2017. Changes to the UK migration system may also affect travel at the border. In 2017 there were around 40 million passengers’ arrivals to the UK of non-UK EEA (Including Irish) and Swiss nationals. The primary impact of the Bill will depend on the future immigration system and immigration rules that will apply to EEA nationals. As the details are not set out in the Bill they have not been assessed in this impact assessment. However, the Government has published a White Paper outlining its proposals for the UK’s future immigration and border system. The economic impacts of these proposals have been appraised and are set out in an economic appraisal published as an annex to the White Paper. The future border and immigration system will be implemented with secondary legislation that, where relevant, will be supported by impact assessments.</td>
</tr>
<tr>
<td>1b) Consequential provision</td>
<td>The Bill also includes a power for the Secretary of State by regulations to make consequential, transitional, transitory and savings provisions once free movement ends.</td>
<td></td>
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</tbody>
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1. ONS Migration Statistics Quarterly Report: November 2018
2. Data calculated using Visit Britain Latest Quarterly Data for UK overall (based on ONS International Passenger Survey).
3. Home Office 'Immigration Statistics: Year Ending June 2018'
<table>
<thead>
<tr>
<th>Provision</th>
<th>Description</th>
<th>Data and Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>Irish Citizens: Entitlement to enter or remain without leave</td>
<td>The Immigration and Social Security Co-ordination (EU Withdrawal) Bill protects the status of Irish citizens in UK immigration law post EU Exit, reflecting the historic ties between the UK and Ireland. This status for Irish citizens existed prior to the UK’s membership of the EU. Specifically, the Bill will protect the immigration status of Irish citizens in UK law once their free movement rights end. It further provides for rights in addition to those associated with EU free movement. Irish citizens will continue to have a right to enter and reside in the UK as now unless they are subject to an exclusion order or deportation order or travel ban, noting that it is longstanding Government policy to only pursue deportation against Irish citizens in exceptional circumstances. The Bill will remove an existing distinction based on an Irish citizen’s point of departure to the UK. The Immigration Act 1971 provides that Irish citizens entering the UK from Ireland do not require leave to enter. However, when arriving from elsewhere Irish citizens are subject to immigration control, drawing on EU free movement rights for their right to enter and remain. The effect of this existing legislation in its totality has been that all Irish citizens enjoy the same right to enter and remain. But, when free movement ends, there will be a gap in the legal framework. The Bill removes this distinction based on point of departure, consolidating these rights based on a person’s nationality.</td>
<td>In the period April 2017 to March 2018 0.3m Irish nationals were estimated to be resident in the UK. In 2016 there were 2.6 million visits to Great Britain from Ireland by residents of Ireland. NISRA estimates that in 2016 456,000 overnight trips to Northern Ireland were made by residents of Ireland. The provision confirms the rights of Irish citizens living in the UK, similar to what Irish citizens enjoyed before (and during) the UK’s membership of the EU. This provision preserves the status quo for Irish citizens as under the do-nothing option. The provision is required to clarify status of Irish citizens, when entering the UK from outside the Common Travel Area (CTA), given that the Bill repeals EU free movement rights, which apply to Irish citizens as EEA nationals. The provision therefore is expected to have no significant impact for Irish citizens, however non-British/Irish family members of Irish citizens will be subject to the provision applicable to the future immigration system.</td>
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4 The figure is based on Home Office analysis of Annual Population Survey data for the period April 2017 to March 2018. It should be noted these data are from a sample household survey. As such estimates are subject to uncertainty due to sampling variation and weighting processes, will exclude non-resident workers and some of those in communal establishments – as such some groups (e.g. short-term non-resident workers and recently arrived long-term migrants in hostels/hostels etc.) may be underrepresented.

5 HM Government (Aug 2017), ‘Additional data paper: Common Travel Area data and statistics’

6 HM Government (Aug 2017), ‘Additional data paper: Common Travel Area data and statistics’
<table>
<thead>
<tr>
<th>Provision</th>
<th>Description</th>
<th>Data and Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>The power to modify direct retained EU legislation relating to Social</td>
<td>EU Regulations 883/2004, 987/2009, 1408/1971, 574/1972 and 859/2003 set out the current EU framework for social security coordination, access to benefits and reciprocal healthcare for UK nationals, EEA nationals, and Swiss nationals who move between Member States (“MS”), being those individuals, whose social security situation is not confined to a single MS. Amongst other things, the Regulations ensure a worker (and their employer) or a self-employed person only pays social security contributions (National Insurance contributions (“NlCs”) in the UK) into one country’s scheme at a time. The Regulations also set out how periods of insurance, employment, and residence in another MS are taken into account in determining benefit and pension entitlement. The Regulations also set out the rules for deciding, when an individual moves to another MS, which MS(s) are responsible for paying benefits, pensions and healthcare costs for that individual. The rules ensure that, where a MS is responsible, it treats any EU migrant on an equal basis with its own nationals. The social security coordination rules are underpinned by a system of administrative cooperation between EU MS. These cover, for example, data sharing between the relevant institutions in each MS. Without these rules, people might be required to pay into two systems and the contributions made in years that they work in an EU MS may not be recognised as contributions towards their UK state pension. This power may be exercised by the Secretary of State or the Treasury to make regulations (under the affirmative procedure) to implement new policies regarding social security coordination, including, for example, rules determining when the UK is competent to pay benefits to, or in respect of, those individuals residing in another MS. Such regulations can make different provision for different categories of person and for different purposes, as well as making supplementary, consequential or transitional etc provision. The intention is that this power will be used to implement new policies in situations where the UK has not entered into a “deal” or agreement.</td>
<td>The provision allows amendments to be made to retained EU law concerning social security coordination, allowing the UK to implement policy changes after Exit (for example, in relation to rules concerning the export of UK benefits to other EU Member States) for those persons whose rights are not protected by a deal. The number of UK benefit recipients living in the UK is estimated at around 500,000. In 2016/17, an estimated £2bn was spent on exporting UK benefits abroad; however, the vast majority (around 90%) is made up of State Pension expenditure. In 2016, the UK issued approximately 49,000 certificates to UK Nationals working in the EU to demonstrate that they would remain liable for National Insurance Contributions in the UK even while working abroad. For example, this includes those who were sent by their employer to work overseas for a period of time, known as ‘Posted Workers’, those who worked in two or more Member States, self-employed persons, members of aircrew and those employed as mariners.</td>
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</table>

8 http://ec.europa.eu/social/main.jsp?langId=en&HelixEngine=_module-advancedSubmit&csetid=22&policyAreaId=0&policyAreaSubId=0&countryId=0&year=0
with the EU and/or an EU27 state. This power will be used to make provision for persons who fall outside of the scope of any such deal or agreement, but who are nevertheless within the scope of the legislation listed in this clause. This clause also allows consequential provision to be made to any provision made by or under primary legislation and to retained direct EU legislation not listed in the clause, to ensure that changes to the social security coordination regime are reflected, where necessary, in related legislation.

This clause also provides for the disapplication of directly effective rights which have been incorporated into UK law by section 4 of the European Union (Withdrawal) Act 2018 to the extent that those rights conflict with the exercise of this power. This approach is aligned with the position adopted in other policy areas.
5. Small and Micro Business Assessment

27. As the details of the policies are not yet determined, it has not been possible to assess the extent to which small and micro businesses will be affected by changes in the Bill. Depending on the complexity of the new system and on whether exceptions will exist to comply with future regulations for SMEs, the new system could have different impacts on SMEs.

28. Data shows that in 2017, 98 per cent of non-financial businesses had less than 50 employees (89 per cent had less than 10 employees and 9 per cent between 10 and 49 employees). Official data on how many of these businesses employ EEA nationals, and what proportion of their workforce they represent, is not available. Types of direct impacts could include familiarisation costs, or changes to work practices and that these costs may be proportionately higher for small and micro businesses.

6. Implementation

29. The Bill will propose that provisions can be commenced by order to ensure UK law is flexible enough to cater for a deal or no deal outcome as free movement will end when the UK leaves the EU.

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9 Annual Business Survey, UK non-financial business economy: 2017 provisional results
https://www.ons.gov.uk/businessindustryandtrade/business/businessservices/datasets/uknonfinancialbusinesseconomyannualbusinesssurveyemploymentsizeband