

BREXIT

Practical Implications

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Change is Assured!

- **The landscape has changed**
- "As events unfolded overnight, this morning has demonstrated how turbulent our economic and political landscape is. The future is unclear, but one thing that is certain is that it will involve a huge amount of change for all of us..."
- Alan Heron, Procurement Hub

Expectations!

Standard Life Investments' initial views are detailed below. In coming days and weeks we expect to see:

- material declines in UK and European equities
 - sterling to suffer further weakness
 - Bank of England forecast to cut rates by 0.25% by July
 - investor rotation out of UK domestic and European-exposed stocks
 - market volatility will increase
 - significant downgrades to UK 2017 GDP forecasts, more modest downgrades for global estimates
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- Email circular 28th June 2016

What have we witnessed?

- Equities
 - Currently stable
- Sterling
 - Stable at the moment
- BOE Base rate
 - Cut to .25% August 2016
- Investor rotation
 - still to be seen although a couple of property funds based in London have closed down due to finding withdrawal,
- Market volatility
 - recent manufacturing figures suggest growth in orders over the last month.
- Forecasts
 - Most forecasters at the moment are down grading predictions of the future but still expect growth

Brexit Headlines

- [WHITEHALL SCOURS CITY FOR BREXIT TRADE EXPERTS](#)
 - [GM CROPS MAY BLOOM IN BRITAIN IF EU BAN LIFTED](#)
 - [HAMMOND TO FIGHT EU'S \\$1 TRILLION POWER GRAB](#)
 - [BAE AND ROLLS FACE FRESH DOUBT OVER NUCLEAR SUBS](#)
 - [WORLD BANK SET TO NAME NEW CHIEF ECONOMIST](#)
 - [TURKEY ACTS TO REASSURE ON ECONOMY AFTER COUP](#)
 - [BREXIT IMPACT PREDICTED TO BE "HORRIBLE"](#)
 - [MILLENNIALS TO SPEND £53K ON RENT BEFORE AGE OF 30](#)
 - [BOE CHIEF ECONOMIST CALLS FOR MONETARY EASING](#)
 - [MPS: UK "LACKS THE WILL" TO HOLD VW TO ACCOUNT](#)
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- Board Intelligence 28th July 2016

Some Numbers

- European Structural and Investment Funds (ESIF)
- The UK receives €10.7 billion in ERDF and ESF Structural Funding for 2014-20, of which €6.9 billion is allocated to England*. This amount is then divided into 'notional allocations' for the 39 Local Enterprise Partnership (LEP) areas.
- LGA – 2014 – 2020 A guide to EU Funding for Councils

Distribution – Top 20 LEP Recipients

LGA – 2014 – 2020 A guide to EU Funding for Councils

LEP	mn Euros	Pop	Per Cap
London	745.4	8,673,713	€85.94
Cornwall and the Isles of Scilly	590.4	551,728	€1,070.09
North Eastern	537.4	1,957,152	€274.58
Greater Manchester	413.8	2,756,162	€150.14
Leeds City Region	389.5	3,026,671	€128.69
Lancashire	265.2	1,478,115	€179.42
Greater Birmingham and Solihull	254.8	1,996,188	€127.64
Derby, Derbyshire, Nottingham and Nottinghamshire	244.0	2,161,365	€112.89
Liverpool City Region	220.9	1,524,558	€144.89
Sheffield City Region	207.2	1,771,014	€117.00
Tees Valley	201.7	667,469	€302.19
South East	185.1	4,132,312	€44.79
Black Country	176.6	1,166,420	€151.40
Stoke-on-Trent and Staffordshire	160.9	1,114,210	€144.41
Cheshire and Warrington	141.6	917,004	€154.42
Coventry and Warwickshire	135.5	899,387	€150.66
Greater Lincolnshire	133.0	1,066,055	€124.76
Leicester and Leicestershire	125.7	1,017,936	€123.49
Heart of the South West	117.8	1,528,411	€77.07
The Marches	113.3	1,648,878	€68.71

So to the Practical Aspects!

- Public Sector Procurement
 - Three sets of Regulations; Public, Utilities, and Concessions
- Employment
 - Laws - Equality, TUPE, Maternity protections, Working Time,
 - Availability of labour and expertise
 - Existing employees

Practical Aspects (2)

- Planning and Environment
 - Environmental Impact Assessments
 - Strategic Environmental Assessments
 - Waste Management - Direct reference to the EU Directive in the Environmental Protection Act 1990, the direction away from landfill has been very much a European driven programme.
 - Habitats Protection – Complicated by the need for compliance with International Treaty's and Un requirements
 - REACH Regulations – These were directly applicable in the UK and therefore will need to be replaced. Although enforcement legislation was brought into UK Law.

Practical Aspects (3)

- Data Protection
 - General Data Protection Regulation (GDPR) Implementation by May 2018
 - Transfer of Data – Depends on Membership of European Economic Area (EEA)
- Resources
 - How will the €10bn of ESIF funding be replaced or managed?
 - Impact on Local Business and their ability to pay Business Rates
 - Employment uncertainty and impact on services
 - Impact on Regeneration and House Building

Conclusion

- The answer really is 'it depends'?
- What deal will be made as part of the extraction of the UK from the EU?
- What level of compliance with EU regulation will remain?
- Will environment and planning matters be areas for renewed ethical battles?
- Employment Rights maybe affected (there is already discussion about abolishing the Human Rights Act)

Local Authorities need to be watchful of the changes ahead and prepare to make the case on the issues that matter to Local Government.