

# EEW Scrutiny Committee:

implications for Sheffield of the decision to leave  
the EU

25<sup>th</sup> January 2016



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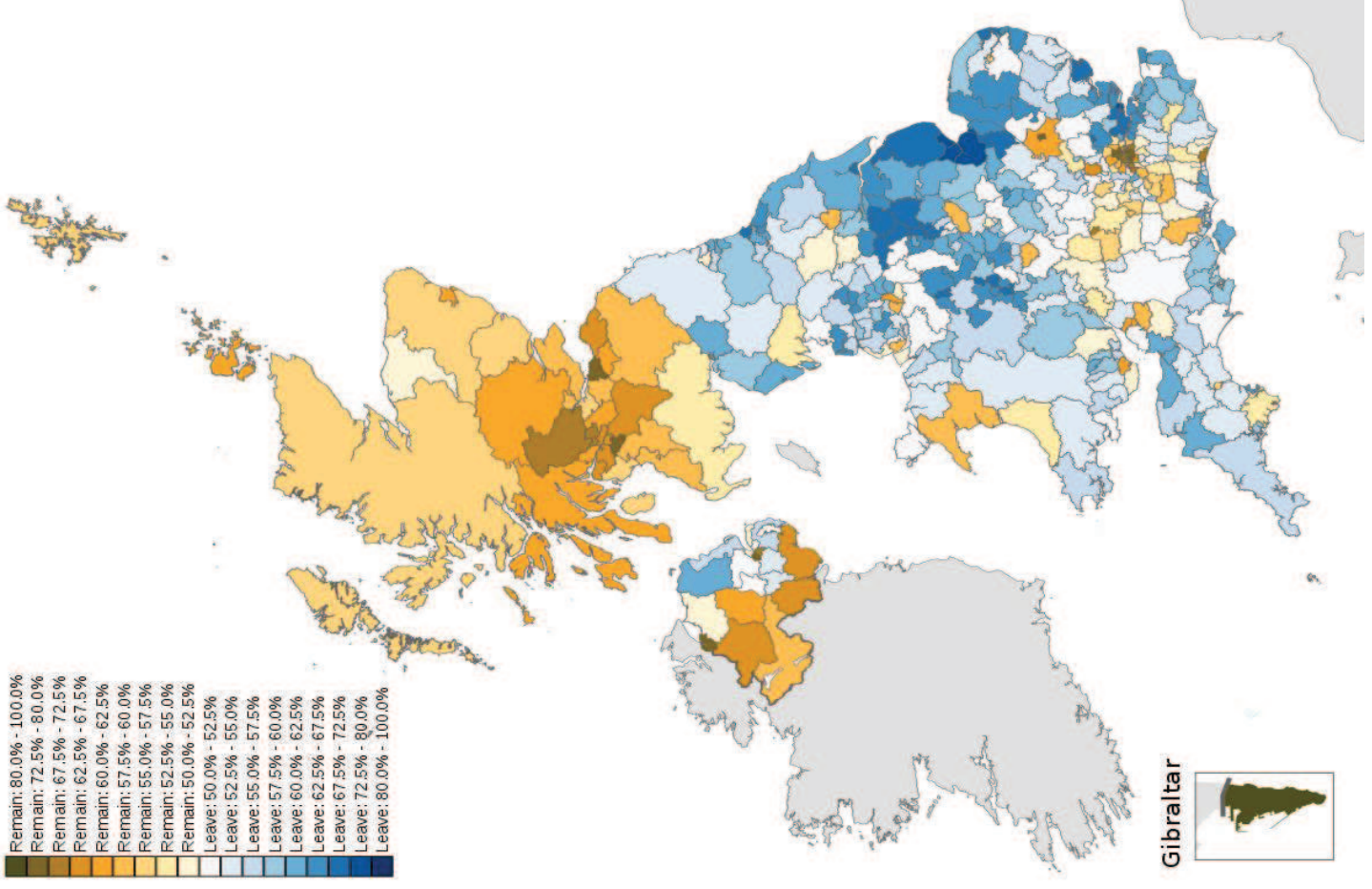


# EU referendum: recap and analysis

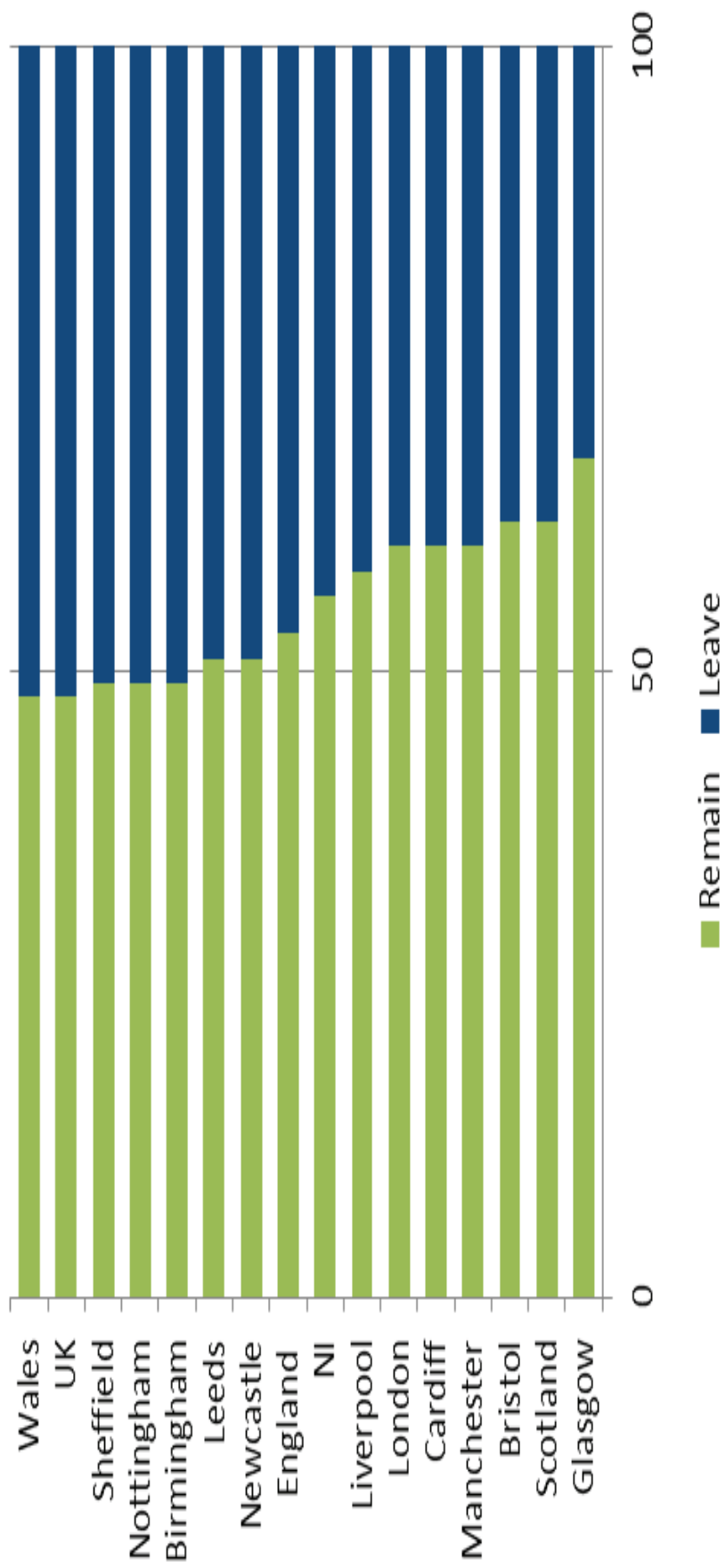


## The EU referendum: results

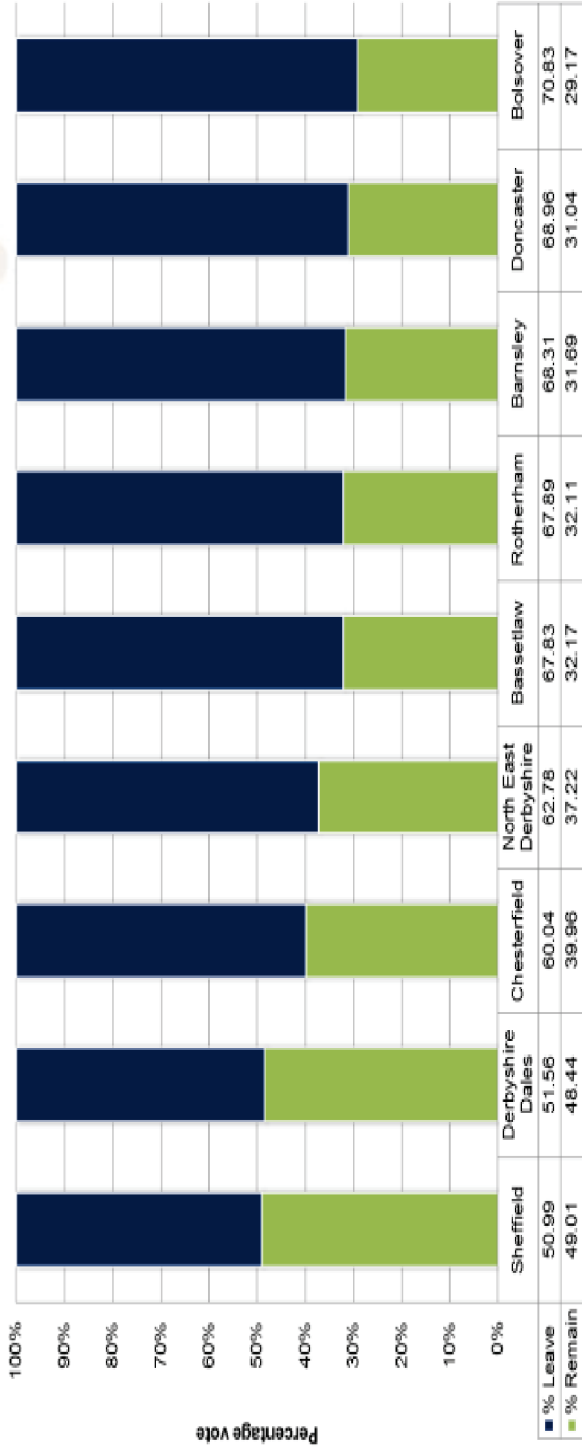
- Referendum held on 23<sup>rd</sup> June 2016
- Overall turnout in the UK was 72.21%
- Results:
  - **LEAVE** – 51.89%  
(17,410,742)
  - **REMAIN** – 48.11%  
(16,141,241)
- Significant political, social, economic impact on present and future of UK



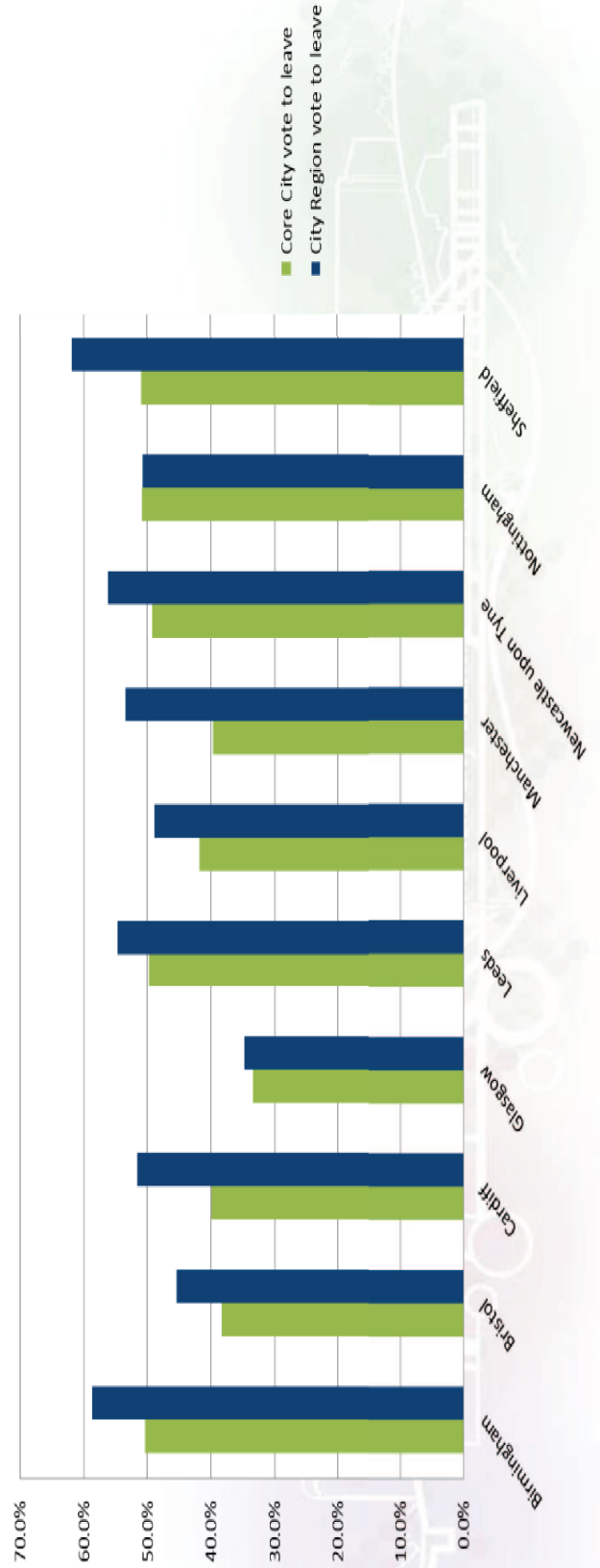
# National picture: results from UK's countries and Core Cities



# Brexit: referendum result in SCR and city regions



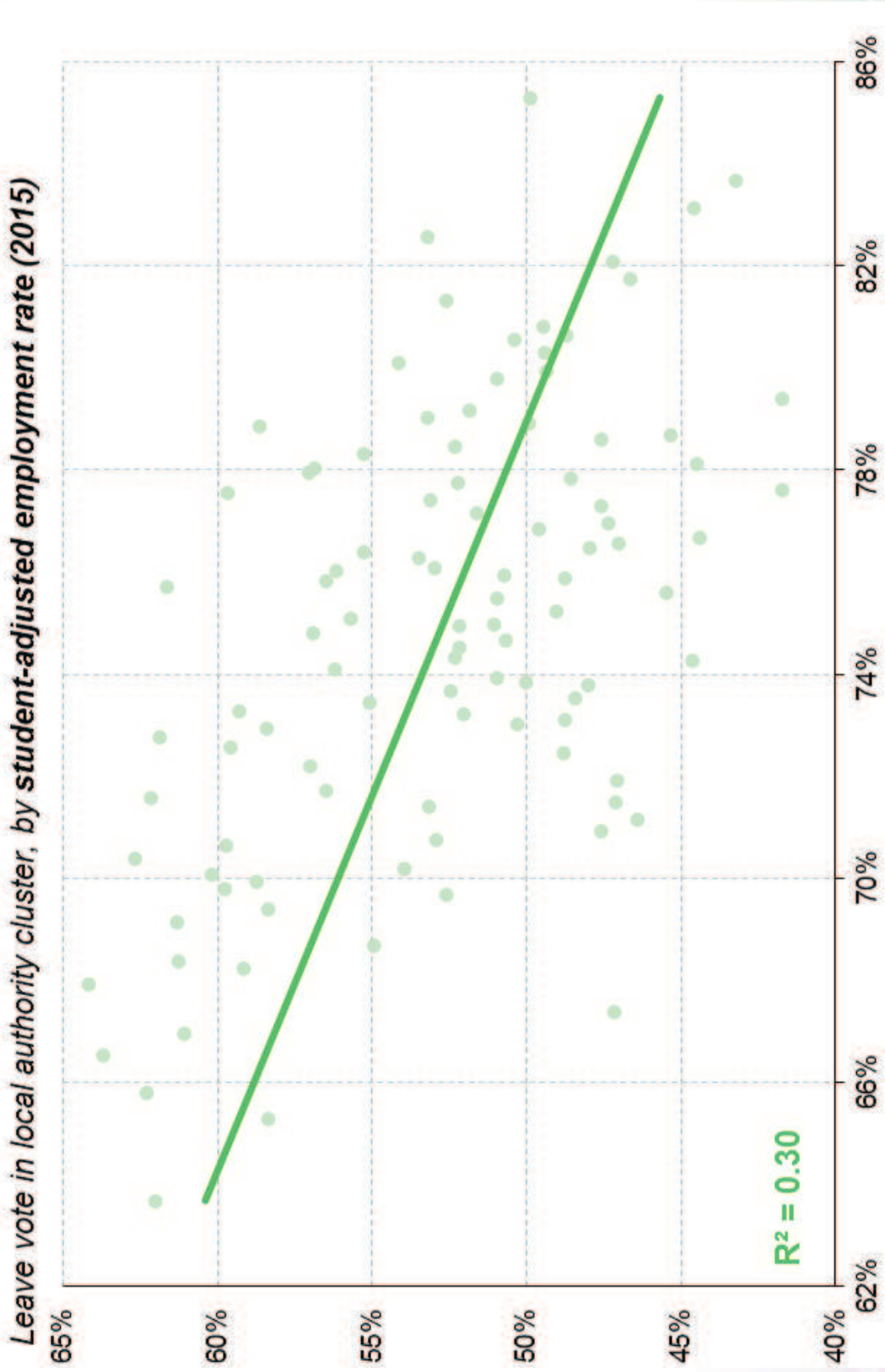
Vote to leave in the EU referendum - city / city region comparison



## Why did the UK vote to leave?

- Difficult to provide an authoritative analysis
  - can be analysed and counter-analysed in many ways
- Resolution Foundation ([available here](#)) have undertaken detailed analysis of the result and found that a number of key socioeconomic factors are including:
  - **Living standards** – particularly employment rate
  - **Education** – found to be predictor of how an area voted
  - **Local demographics** – number of students and over 50s
  - **Cohesion** – how much people feel that people from different backgrounds get on together locally
  - **Migration** – the level doesn't seem to matter but the pace and change over the last decade does
  - **Local geographical/political factors** – eg. Scotland

# Employment rates strongly correlated with Remain votes



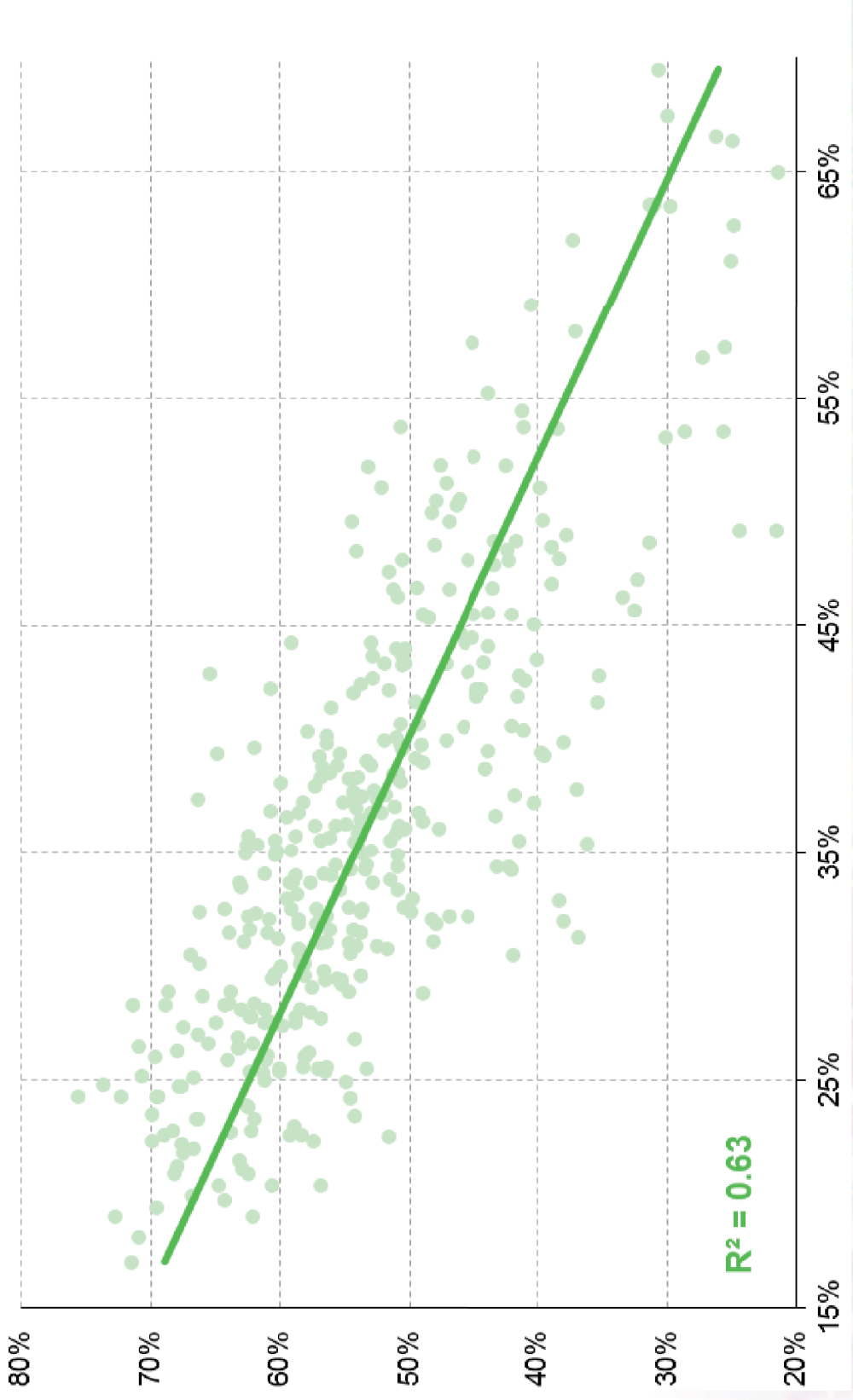
Source: RF analysis of ONS, Nomis

Courtesy of the Resolution Foundation - <http://www.slideshare.net/ResolutionFoundation/the-importance-of-place-64063692>



# Education level central – bringing together economic and cultural factors

Leave vote in the local authority, by % of 16-64 year olds with NVQ4+ (2015)



Source: RF analysis of ONS, Nomis

Courtesy of the Resolution Foundation - <http://www.slideshare.net/ResolutionFoundation/the-importance-of-place-64063692>

# Impact on national policy agenda



## Brexit: significant impact on UK political arena

### The aftermath of the referendum has brought:

- A change of Prime Minister
- Significant change in Cabinet and Ministerial posts
- Financial market implications
- Some difference in Government's *tone* (not direction):
  - Dominance of 'Brexit' in the national political agenda
  - Some greater recognition of the role of the state and public services
  - No real change in the resourcing of services and places
- Significant demands of the Brexit agenda on Whitehall (new departments etc)
- Financial cost - £58bn by 2020/21 (OBR, 2016)

## Brexit: policy analysis and response

- Many knowns and unknowns = some uncertainty
- Narrative focus on people/places that are '*just about managing*' or have been '*left behind*'.
- '*Twin pillars*' – PM's key areas of focus:
  - Socioeconomic change (eg. 'Shared Society')
  - Delivering Brexit
- Industrial Strategy likely to focus on:
  - Productivity
  - Place
  - People (jobs, skills etc)

# Brexit:

## (potential) implications for Sheffield



# Short term: possible implications for Sheffield

Significant uncertainty about implications but:

## EU Funding

- SCR allocated £164m (2014-20)
- Likely issues beyond this funding round

## Freedom of movement/labour

- Access to skilled labour
- Some sectors more exposed

## University research funding

- Access to EU research funding for Sheffield's universities

## Related key policy areas

- Devolution
- Northern Powerhouse
- Industrial Strategy

# Long term: possible implications for Sheffield

- **Finance**
  - impact on public finances and funding for public services?
- **Economic**
  - Access to skilled labour
  - Trade and investment
- **Research funding and global industrial collaboration**
  - Single Market access??
  - More city-to-city bilateral trade and investment??
- **Devolution and the inclusive growth agenda**
  - Greater focus on the role of local economies
  - Industrial Strategy – need to maximise local growth potential
  - How to connect people to economic growth
- **Legal implications**
  - The Great Repeal Act

# Brexit:


## Government's next steps







## Government's next steps

- Article 50 to be triggered by 31<sup>st</sup> March 2017
  - UK expected to formally leave the EU by spring/summer 2019
  - The Great Repeal Bill (May 2017) will repeal the European Communities Act 1972
  - Parliament will vote on the final deal negotiated between the UK and the EU.
  - Supreme Court ruling on Article 50 due in coming months.
- 

# PM's goal: "a new, positive and constructive partnership between Britain and the European Union"

Principle	12 priorities
<b>Certainty and Clarity</b>	Provide certainty during negotiations
<b>A stronger Britain</b>	Control of our own borders Strengthen the Union Maintain the common travel area for Ireland
<b>A Fairer Britain</b>	Control of immigration Rights for EU nationals in Britain and British nationals in the EU Protect workers rights
<b>Truly Global Britain</b>	Free trade with European markets New trade agreements with other countries The best place to be for science and innovation Cooperation in the fight against crime and terrorism
<b>A Phased Approach</b>	A smooth, orderly Brexit

## What the PM has confirmed

- UK will leave the single market
  - “no half in, half out” approach
  - may make small contributions to access certain programmes
- Looking for a bespoke deal for the UK
  - not replication of a model currently in place e.g. Norway model, EEA
- Will seek a Customs Union deal
- Phased transitional deal
  - “implementation of different aspects of Brexit”
  - Different elements will have different timescales
- Will limit the number of EU nationals entering the UK, although how remains to be seen.

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