

Agenda Item: 4 EU Exit

One Nottingham Board

Title of Paper: EU Exit – Implications for Nottm

Date: 10 November 2017

1. Purpose

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| 1.1 | To update ON Board on the latest position around the UK's exit from the EU, including the implications for Nottingham. |
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2. Recommendations

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| 2.1 | <p>The Board is invited to:</p> <ol style="list-style-type: none"> 1. Note the update. 2. Discuss any possible implications for One Nottingham and the city of Nottingham as a whole, along with any potential ON Board response. |
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3. Recent Developments

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| 3.1 | <p><u>Domestically:</u></p> <ul style="list-style-type: none"> • Citing confidentiality around policy making, the Government has refused to publish Civil Service impact assessments on the effects of exiting the EU. There are reports in the press that redacted versions of these may now be released. • The Bank of England has warned that up to 75,000 jobs in the finance sector could be lost. • Reports suggest that the European Investment Bank (EIB) has frozen investment in the UK - putting £1bn of public sector projects at risk. The EIB has suggested that the UK's deposits with the EIB may not be wholly repaid until 2054. • HMRC will need to employ up to 5,000 extra staff and spend up to £450m if Britain leaves the EU without a deal, the most senior civil servant in HMRC has said. • The Communities and Local Government Committee has launched an inquiry on "Brexit and Local Government". |
| 3.2 | <p><u>Within the EU:</u></p> <ul style="list-style-type: none"> • Angela Merkel has implied that post-exit trade talks could begin in December. • The president of the European Parliament has said that the UK is not being "realistic" about the size of the exit payment it will have to pay the EU. |
| 3.3 | <p><u>Citizen's rights:</u></p> <ul style="list-style-type: none"> • The Prime Minister has said that a deal on Citizens rights is within "touching distance". • The Foreign Secretary has claimed that EU citizens living in the UK will have their rights protected "whatever happens". <p><u>'No deal':</u></p> <ul style="list-style-type: none"> • David Davis has reportedly told officials to step up preparations for a 'no deal' EU exit. |

3.4	<ul style="list-style-type: none"> • A key advisor to Michel Barnier has said the European Union is preparing for a ‘no deal’ scenario. • A recent YouGov poll has indicated that only 1 in 10 voters believe that a ‘no deal’ result will be good for the UK. • Philip Hammond has told MPs that funding for a no-deal scenario will not be released "until the very last moment". <p><u>Transition:</u></p> <ul style="list-style-type: none"> • Business groups such as the CBI have called on the Government to urgently guarantee a transition deal. • The European Union is drawing up plans to offer Theresa May a post-exit transition period of 20 months, it has been reported. • A transition deal must be reached by Christmas to reassure banks, the deputy governor of the Bank of England has said.
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4. Economic Context	
4.1	<p>In summary:</p> <ul style="list-style-type: none"> • The UK economy grew by 0.4% in the 3rd quarter – slightly above the 0.3% growth seen in both of the previous two quarters. • Unemployment stood at 4.3% in the three months to August, continuing the run of recent lows. However, in real terms, average weekly earnings were also down by 0.4% on the previous year. • The Office for National Statistics’ (ONS) preferred measure of inflation, CPIH, reached 2.8% in September, up from 2.7% in August. CPI reached 3.0%. • The CBI has reported that high street sales in October suffered a “steep drop” and are falling at their fastest rate since the height of the recession in 2009. The CBI blamed the effects of higher inflation.

5. Background	
5.1	<p>Once the UK had left the EU, it will no longer have access to European Funds such as ESIF. D2N2’s ESIF allocation for 2014-2020 is £214.3m which consists of both ERDF and ESF.</p>
5.2	<p>Nottingham has benefitted from significant European Funds in the past, including funding for BioCity, Old Market Square, Nottingham Contemporary and the New Art Exchange. The City has seen at least £190 million of EU funded projects since 2000 via the ERDF, ESF, Horizon 2020 and FP7 funding programmes.</p>
5.3	<p>Over recent years, around £20 million of our two leading Universities’ total annual income has been derived from research grants from EU sources. (The Government has said that it will use money that "comes back to the UK" to create a UK Shared Prosperity Fund (SPF) to replace ESIF and it that will consult widely on this).</p>
5.4	<p>Declines in net migration to the UK since the referendum has been most clearly seen in immigration from the EU8 countries¹. Immigrants from these countries tend to fill</p>

• ¹ Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia and Slovenia.

	lower skill vacancies. As such it is the low-skilled economy that may be most impacted both by existing immigration trends and any new barriers to immigration that manifest post-Brexit.
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5. Contact Details

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