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1. INTRODUCTION
THIS IS OUR INITIAL ANALYSIS OF BREXIT

- This is NCVO’s first overview of Brexit for voluntary organisations following the event
- It is likely that the impact of Brexit in the short term will be over-estimated; but impact in the long-term will be under-estimated
- Our analysis focuses on risks: but amidst much uncertainty our commentary requires many assumptions. These may change.
- In particular, there are different Brexit scenarios – such as whether the UK remains in the single market. We will reflect on these in our next overview.
2. THE POLITICAL LANDSCAPE
THE VOTERS HAVE SPOKEN...

- “At the top of British politics, a vacuum yawns wide” – the Economist

- There is significant **political uncertainty**: the resignation of the Prime Minister, much of the Shadow Cabinet are arguably unprecedented

- **New party leaders?** Elections by 2 Sept for Conservatives; Labour leadership under pressure

- More elections: **a general election looks probable**, despite fixed term parliament. Referendums in Scotland and NI mooted
In essence:
1. Brexit has not been triggered
2. The EU cannot force it to be triggered.
3. It may never be triggered.

‘The decision whether to withdraw remains a matter for the government’ – Public Law for Everyone

The UK Government has not invoked ‘Article 50’, the trigger for formal leave negotiations.

Until that point – which may be months away – there is no formal change in the UK’s membership of the EU.

The Cabinet Office has established a unit to lead preparations, headed by Oliver Letwin

Osborne signals key budget decisions to be held off until Autumn; other major (and minor) policy decisions likely to be held off
Civil society organisations will need a route to feed into EU negotiations.

Opportunities for vol orgs to raise issues that affect their beneficiaries, ensure that the voices of all communities are heard.

If a general election is held, opportunities to campaign to inform manifesto commitments.

But the wider business of government will be slow – charities will need to forge new relationships with new ministers and shadow ministers, update policy agendas.

As we look to the future, offer solutions for our own democracy – how to better engage the public, give voice to those less often heard, and ensure politicians and institutions are accountable.

...CIVIL SOCIETY CAN HELP FIND THE ANSWERS
3. FUNDING AND FINANCE
“We are in uncharted waters without a compass.” — Paul Johnson, IFS

Markets are volatile: falls in sterling and UK stock exchanges followed the result; loss of AAA rating; the Bank of England has stepped in to reassure investors

Forecasters: recession likely as inward investment to the UK likely to fall, some firms starting to relocate staff away from the UK.

Forecasters: further cuts to public services, tax rises or both could be on the cards, though no emergency budget before new PM in place

Uncertainty will hit investment levels (and future growth)
PRESSURE ON INCOME, COSTS

- Short-term hits to income are unlikely, but in the long-run are more likely.
- Brexit might result in reduced income for the sector: grantmaking foundations rely upon investment income
- Falls in sterling, rising inflation might hit disposable income and charitable giving
- Move overseas of some corporates/major donors risks sponsorship and large gifts
- Government may reduce spending on public services, with variable geographic impact
- Longer-term, end of EU structural funds most significant direct hit should government not establish alternative programmes
- Economic/social distress inevitably places cost pressures on voluntary orgs

Regions Demand UK Govt Matches Lost EU Funds

Cornwall and some towns in Yorkshire want guarantees they will not miss out on cash they were due to receive from the bloc.

Regions of the UK being supported by European Union funding are seeking guarantees that grants they will now not receive will be provided by the UK Government.

Councils in Yorkshire were due to be given £600m of EU grants to help boost the area's economy before 2020, while Cornwall was expecting a further £400m.

In total, £3.6bn was due to be spent in the UK under the EU’s European Regional Development Fund between 2014 and 2020.
4. SOCIAL TENSIONS
A NATION DIVIDED?

- A close referendum result has exposed **divisions in society** (age, education, income) that do not easily map onto traditional party politics
- Anecdotal evidence of post-referendum rise in **social tensions**, with reports of racist incidents across the country
- Some signs of **inter-generational conflict** as young and old simultaneously blamed for Brexit
- The Brexit vote may not fundamentally change immigration levels – leaving some disappointed and angry
BRIDGING BETWEEN COMMUNITIES

- “Museums are ideally placed to host these conversations with their local communities.” - Sharon Heal, Museums Association

- One of the most troubling aspects of the EU referendum was divisive rhetoric that some have used to inflame racial tensions – civil society must be unanimous in its condemnation of racism

- As a sector with roots in local communities and communities of interest, we must play our part in bringing people together to discuss their hopes and concerns for the future

- In months ahead, we have a duty to help lead our communities and not just our organisations
5. REGULATORY CHANGE
LITTLE WILL CHANGE IN THE SHORT-TERM

- ‘Britain would not be able to engineer a boost to growth and employment by abolishing EU rules’ - Centre for European Reform

- Because the government will seek to negotiate continued access to the EU’s single market, it is unlikely to strip back regulation in the short term

- In years ahead, difficult work will begin to decide which aspects of EU legislation (that has been transposed into UK law) to maintain and which to repeal or revise

- New areas of EU legislation, e.g. forthcoming data rules, may not be transposed but...

- UK gov likely to develop similar rules to EU as need to maintain ‘level playing field’ to access single market – while no longer having opportunity to influence EU rules at source.
6. THE ROLE OF CIVIL SOCIETY
WHAT IS THE SECTOR’S ROLE NOW?

In the coming months, we will initiate conversations across the country to bring people together and discuss.

- Sir Stuart Etherington, NCVO: “My message today is that you should consider **what more you can do to bring communities together. Outreach and inclusivity matters now more than ever**...The sector’s voice will be essential in speaking up and shaping the future.”

- Julia Unwin, JRF: “**Inertia and apathy towards the plight of the worst-off won’t be tolerated.** We need to look long and hard at how politics and prosperity work in Britain. Politicians across the spectrum must ensure no one is left behind for so long ever again.”

- Jeremy Taylor, National Voices: “We will **continue to champion the development of more preventative, coordinated, people-centred approaches** to health and care. Our sector will continue to stand up for and work with the most vulnerable and disadvantaged in our society.”

- David Nussbaum, WWF-UK: “Leaving the European Union brings risks and uncertainties for our wildlife and wild places, but **with the right policies the UK could continue to be a global force for the protection of nature.”**
## SUMMARY RISKS

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<td>Corporates shift overseas, CSR programmes under pressure</td>
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**Long term**

- Falling trust in institutions/public sphere as voters’ referendum expectations not met: voluntary orgs not immune
- Lower growth hits economic confidence, investment decisions difficult
- Regulatory uncertainty and change, costs thereof
Sources

http://jackofkent.com/2016/06/where-we-are-now-with-article-50-decision-notify-and-devolution-issues/


https://twitter.com/NoXenophobia


THANK YOU FOR READING

LET US KNOW YOUR THOUGHTS
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