

Item No. 6

GM LOCAL ENTERPRISE PARTNERSHIP BOARD

SUBJECT: Brexit Monitor

DATE: 19 September 2016

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1. BACKGROUND

- 1.1 The result of the referendum on Britain's membership of the European Union has led to considerable uncertainty regarding both the process leading up to withdrawal and the impact that withdrawal will have on the UK economy.
- 1.2 The GMCA has commissioned a comprehensive programme of work to understand the full implications of Brexit on Greater Manchester and develop an appropriate policy response. The purpose of this work programme is to identify:
 - the issues that Greater Manchester will be seeking the Government to address through the Autumn Statement; and
 - the matters that Greater Manchester will want to highlight for consideration as the framework for Britain's withdrawal from the EU is established.
- 1.3 The work programme is looking at eight key areas to identify GM specific issues and opportunities: access to European funding; changing rules, regulations and trading relations; implications for key sectors; implication for property investment; implications for housing and planning; economic and social inclusion; monitoring economic trends and developments; and utilising GM's relationships with key Central Government departments.

2. BREXIT MONITORING

- 2.1 As part of this work programme, New Economy is now closely monitoring policy developments and economic/social trends arising from the decision to leave the EU. A monthly Greater Manchester Brexit Monitor is being produced which will track the impact of Brexit across the key themes below, which align with the work programme areas set out above. The latest (August) iteration of the monitor is attached to this paper. The themes being monitored are:
 - Macro-economy trends and developments
 - Key sectors (including business investment)

- Rules, regulations, trading relations and access to European Funding;
 - Property investment, housing and planning; and
 - Economic inclusion.
- 2.2 As well as shaping GM's policy response, intelligence within the Monitor will be used to inform discussions with central Government.
- 2.3 This first iteration of the Monitor captures the latest evidence available across each of the themes, recognising that the impacts in many cases are yet to emerge. It is too early to make any policy judgements at this stage but further editions will capture the implications for policy, changing rules and regulations as they unfold, as well as the wider work which GM is undertaking to inform the decision making process. Subsequent editions of the Monitor will also capture greater detail on the implications of Brexit as more data and analysis is released.
- 2.4 In addition to monitoring, a wide range of additional work is on-going to develop GM's response to the vote to leave the EU. New Economy is consulting with local and national sector organisations to gather intelligence on the key issues related to rules, regulations and trading relations for GM's key sectors. Manchester Growth Company (MGC) is gathering intelligence from GM businesses of all sizes, as well as inward investors through contacting its pipeline and Key Accounts. A new business 'sounding board' will provide ongoing advice and rapid feedback on developments. MGC has also established an Advisory Board made up of representatives of MGC, IOD, Chamber of Commerce, EEF, FSB and others to oversee the development and implementation of GM's response to the issues faced by different sectors of the economy.
- 2.5 In addition to the work being undertaken by GM officers, third party support has been procured to support a detailed analysis of the likely impact of Brexit on Greater Manchester and the response required. The Resolution Foundation and Metro Dynamics have been commissioned jointly with Core Cities to provide independent analysis and advice on the potential role of the UK's city regions in responding to Brexit; the implications for productivity and inclusive growth of Brexit; developing a package of potential measures to support the economy; and identifying the potential changes to rules and regulations GM should prioritise from Brexit negotiations. Leading economic and trade experts at Volterra and Global Counsel will also be providing advice on GM-specific work.
- 2.6 The Brexit Monitor, combined with the independent advice secured, will be used to advise the GMCA and LEP over the coming months on key implications for Greater Manchester and issues that GM will want to raise with Government either via the Autumn Statement or Brexit negotiations.

3. RECOMMENDATIONS

- 3.1 LEP members are recommended to:

- Note the contents of this report and the GM Brexit Monitor and discuss matters which GM will want to consider as part of a policy response to Brexit.
- Discuss any sector implications that they are aware of from their own industries that we should be building into GM's analysis or reporting to GMCA in the next Brexit Monitor