

## UK200Group The Brexit Forum



### Foreword

The dice were rolled, the wheel spun, and the outcome was always going to be one of two possible choices. It turned out that the people of the UK voted to leave the European Union. Whether or not each of us agrees or disagrees with that decision matters not a jot. The voting was 52% in favour of Brexit, and such a marginal vote is difficult for the politicians to handle: whatever they do, about half the population will be unhappy.

UK200Group includes more than 150 member offices, representing many thousands of businesses and individuals across the UK and overseas. In the campaign for clarity UK200Group hosted an informative debate in which it was very clear that little was clear. During and after the referendum, politicians came into the spotlight only to have their names forgotten within hours. Boris was stabbed in the back by Gove, who was in turn dropped by his own followers, only to see Theresa May take over as PM and put Boris into one of the top four posts in government. The Labour Party MP's took the opportunity to fail to overthrow their leader, but we have yet to see the outcome.

Politics is in turmoil, but does anyone really care?

## UK200Group Brexit Forum

## FOREWORD

For me, the EU Referendum was eye-opening. It demonstrated what many of us had long suspected: that half of what many politicians say is untrue, while the other half is guesswork. This was not just in connection with the Referendum. How much clarity is there in our tax regime? How certain are you that the advice you give your client today will be correct tomorrow?

Many who voted understood some of the issues and took as informed a decision as they were able. Few would suggest that they fully understood all of the implications, and those few would have been incorrect to do so. And then there was a very significant number - enough to have swung the vote either way - that were, in the case of Leave Voters, protesting against the Establishment, and in the case of Remain Voters, expressing fear of the unknown. These issues all became apparent in the survey I ran for my firm, Hillier Hopkins, immediately following the vote.

For those who may have stumbled on my blog ([hhelp.co.uk](http://hhelp.co.uk)) during the run up to the Referendum, you will know that I was very undecided as a voter, unable to decipher the utter rubbish, the threats, the terror and the false promises, and knowing only how little I was being told by people who knew even less. I tried hard to analyse things, and was found wanting, like most people.

I advise businesses, and businesses need certainty. They need to plan and there are considerable time-lags in business, so even if change is socially desirable, it needs to be gradual. In other words, I feared the shock of Brexit. After all, we all fear change. Others will have formed the opposite view: change is good because it brings with it new opportunities and new hope and aspiration, wiping away old and stale circumstances. I could easily have been convinced, had the argument been put cogently.

Leave won the day. We still do not know if it will have its way, as politicians use their extra-ordinary skills to prevaricate and procrastinate. What we have seen is that Sterling and the markets appear already to be in recovery. The latest reports indicate higher consumer confidence than for months. We have a new Prime Minister who seems at this early stage to be inspiring confidence. In fact many suggest that the fall in Sterling and the economic concerns arose more from political uncertainty than from Brexit.

Yet all of this is uncharted territory. It is new for us all, and so UK200Group decided to take a leading role in helping businesses and their advisers get to grips with the possible changes that we may all face. The Brexit Forum is intended to be an opportunity for member firms to combine their views, understanding and experiences so that we can inform our Members and they can inform their clients of current thinking. Furthermore, UK200Group, as an association of firms who strive for excellence in their professional activities, is also uniquely placed to hear what SME's have to say, to collate that information and if relevant, to communicate it to those who need to know.

We hear much from "captains of industry", FT100 companies, the good and great of the business world. But make no mistake, this country's economy is driven by hundreds of thousands of small and medium sized businesses run by entrepreneurs and their families. They rarely have a voice, and the things that affect these businesses and the very real people who run them are very different to those that affect big companies. These businesses are the ones for which UK200Group member firms act - 150,000 of them at least. We do not hold ourselves out as their voice, as they have not given us any mandate to do so. But we do want to hear those views so that we can understand and share knowledge, experience and information.

## **UK200Group Brexit Forum**

## **FOREWORD**

I apologise that this report is long, but there was not enough time to write a short report, as they say. It was intended to be background for our discussions and has been updated to include some comments from our debate.

For my part, I hope that this information is useful to us all. We are at a moment in history when the outcome of the decisions made now will have enormous impact on the future, not just in the UK but in the EU and elsewhere too. There are very few entrepreneurs, professional advisers and politicians who were in business in the days before the what was the EEC and is now the EU. No-one has experience of an exit from Europe, but our clients do expect us to be applying our minds to the future.

I would like to thank all those people who gave up their time to participate, and also those member firms who chose to invite their clients to do so. It is likely that we will repeat this exercise over time so that we can monitor how businesses are progressing.

**Jonathan Franks**  
**Principal**  
**Hillier Hopkins, London**

September 2016

## UK200Group Brexit Forum

## METHODOLOGY

### METHODOLOGY

The Survey was designed based mainly on the answers given in the initial aftermath of the Referendum and reported in the Hillier Hopkins Survey, alongside matters widely reported in the mainstream press. The Survey was aimed mainly at businesses and sought to understand their positive and negative emotions concerning Brexit.

The Survey was structured so as to obtain general information, and in as neutral a manner as possible. Although there was a mandatory question as to how participants voted, we permitted the option of “Prefer not to say” in order to respect those who were concerned with the privacy of their vote. This and other basic information was intended only to allow us to profile the results, so we could see whether the views of, for example, exporters to the EU, were consistent.

The remainder of the Survey was divided into three parts: for those who were worried by the Brexit Vote, those who were not worried and those who did not know.

#### The Worried

We sought to uncover people’s worries by providing the main concerns which we had heard people talk about, but the most important box was the “Other”, which allowed us to pick up points which we have not yet considered.

A second question, later sought to reinforce these results by asking participants to rank a series of possible implications. Once again, the more important aspect of this question is the comments we sought, many of which were fascinating.

We also attempted to understand how the fears of businesses might be allayed, and the things that matter most to businesses.

#### The Unconcerned

We suspected (and were correct) that more people would be unconcerned by Brexit than voted to leave - but not many. From these people, we hoped to learn a little about how the fears of others might be settled, and the white space answers here were most important. The Survey technique was generally designed around freeform answers prompted by our own ideas.

We had heard much about how important certain elements of our economy were, and for those unconcerned by Brexit we asked them to show how important such matters were.

#### The Don’t Knows

These people must not be dismissed. We asked them whether they were worried or not worried, or if they do not know whether or not to worry. In reality, many of us should be in the “Don’t Know” camp, yet our society does not like people sitting on the fence, perhaps.

## **UK200Group Brexit Forum**

## **METHODOLOGY**

We were keen to understand whether the reason people did not know was because they did not care, or whether they simply felt they had insufficient knowledge.

### **General Matters**

We did ask all participants the extent to which Brexit had actually affected their businesses. We then tried to gauge interest in this subject and found that 50% of participants were interested in being contacted in connection with Brexit.

### **Distribution**

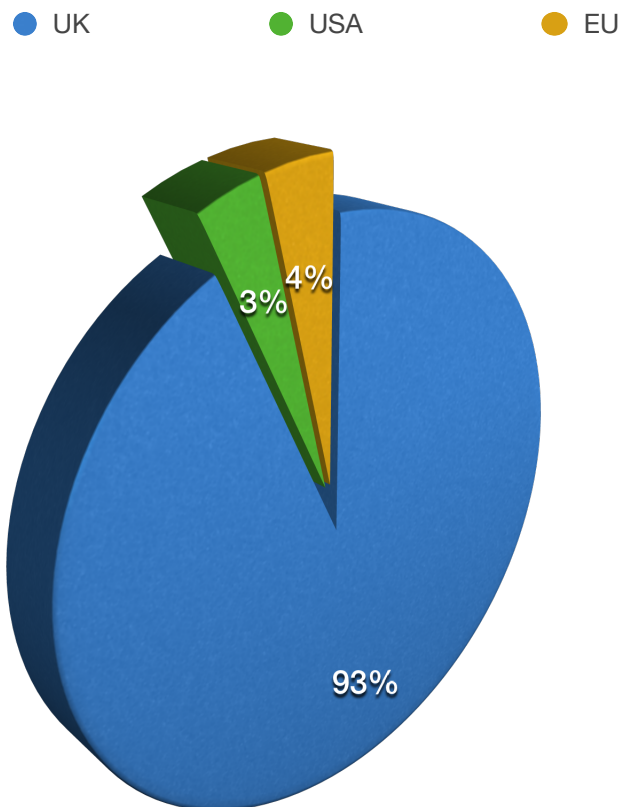
The Survey was distributed by UK200Group centrally to Member Firms, who were asked to invite their clients to complete it. We succeeded in obtaining 415 responses, but only 238 completed the Survey. This was a reasonable response given that the survey was conducted in August, a difficult time to communicate with entrepreneurs, and was certainly sufficient to allow us to draw plausible and meaningful conclusions.

## UK200Group Brexit Forum

## RESULTS

### Geographical Analysis

The Survey achieved 415 responses of which 238 completed the Survey. Of those who completed the Survey, 93% were based in the UK, but others were in the USA and Europe. Only 6 participators stated that they did not have a right to a vote.



### Voting Profile

Our population was unintentionally weighted towards Remain voters, it seems, This is not entirely surprising as many of the business community declared themselves as favouring Remain as an outcome. We also asked people whether the Referendum was a responsible thing to do, expecting the Leave voters say yes, and the Remain voters to find it irresponsible.

However, it was encouraging to see that, while 95% of Leave voters considered the Referendum to have been responsible, 10% of the them felt it should not have been “In/Out”, and some 38% of Remain voters felt that the Referendum was right and proper.

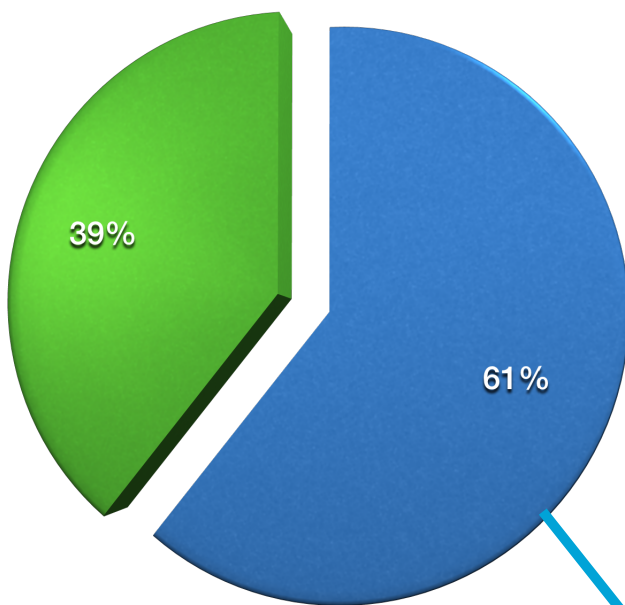


## UK200Group Brexit Forum

## RESULTS

● The Vote was right      ● The Vote was wrong

How All Respondents Voted



Of the participants, 202, that is 86% were either business owners or people involved in business management, while 33 respondents were not in business, but clearly had a view.

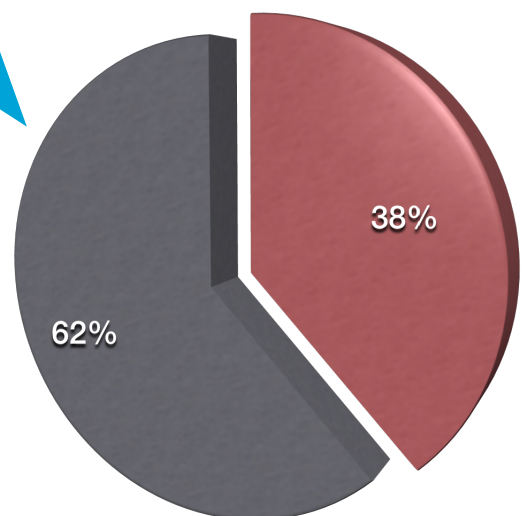
**“some 38% of Remain voters felt that the Referendum was right and proper”**

The Remain voters were more divided in their view as to whether or not an In-Out vote was appropriate, with about one-third of those who believed the Referendum was right indicated that it should not have been In-Out.

Of those who selected Other, most were against the Referendum, but one did note that a 10% margin should have been required. Many commented that the politicians failed to put the case on either side, and that the vote was a poor political gamble which failed.

The 61% in favour of having had a vote includes 12% who consider that the vote should have been on some basis other than “In/Out”.

Remain Voters on whether the Referendum was responsible



● The Vote was right      ● The Vote was wrong

## UK200Group Brexit Forum

## RESULTS

### Importers and Exporters

We felt it would be important to be able to tie up some of the responses to whether or not businesses are involved in import or export and whether they trade with the EU or elsewhere. We had already observed in the earlier survey that exporters were benefitting from lower exchange rates, for example, while importers were suffering.

We asked four specific questions in this respect, seeking the annual value of imports and exports from or to the EU and elsewhere.

The totals were as follows:

	Value £	Number of Respondents	Maximum Value £
Imports from EU	£52,727,000	26	£20,000,000
Exports to EU	£34,977,000	29	£18,000,000
Imports from elsewhere	£5,285,000	15	£1,000,000
Exports to elsewhere	£7,115,000	20	£2,000,000

The extent of our participants involved in import and export is not vast, yet, even on the figures above, the fall in the value of Sterling will have potentially affected respondents significantly. The rate has moved from 1.26 to 1.18 (having fallen below that, of course). This 6.35% drop, if sustained over a year, will have cost respondents who import some £3.3m, while potentially benefitting overseas buyers by £2.2m. The net cost is £1.1m potentially. At the lowest level of the Euro/GBP rate, the loss would have been much greater.

If our survey is a reasonable cross-section of the population of businesses, we can see that this average of 2% cost will be borne by about 10% of the UK's businesses. The cost to some will be much higher

National statistics indicate we are net importers of goods in the UK, which is where the focus of the Press has sat, resulting in a cost from the low value of Sterling. However, we do export significant value in services, and demand for these may well benefit from the lower rates of exchange.



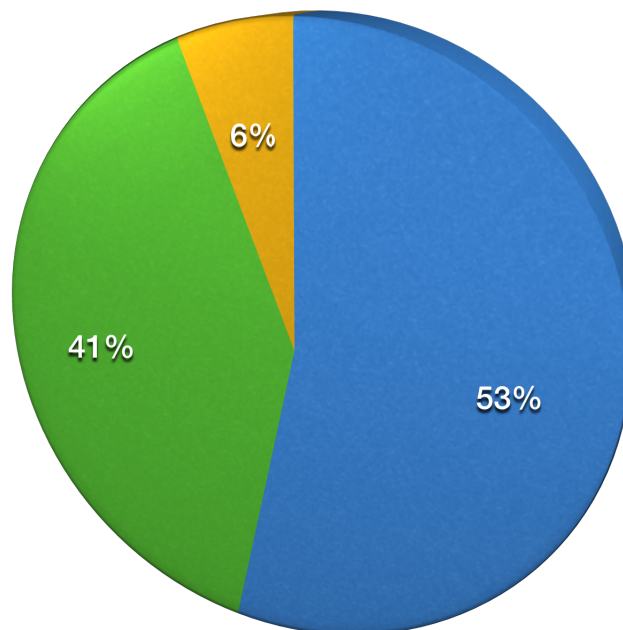
## UK200Group Brexit Forum

## RESULTS

### Concerns about Brexit

Our survey was strongly focused on the concerns of business about Brexit. We asked directly whether participants were concerned and this tailored the subsequent questions. The response to this question was as follows:

● Worried      ● Not Worried      ● Don't know



What was most striking at first glance is that 41% of businesses were not worried by the prospect of Brexit. In our survey, the Remain voters comprised 57% of respondents, so it did appear that a proportion of Remain Voters were never the less not so worried about our leaving.

A little closer scrutiny, however, indicates that 6% don't know whether to be worried bringing us to the conclusion that all those who voted to Remain were either worried by Brexit or worried that they should be worried!

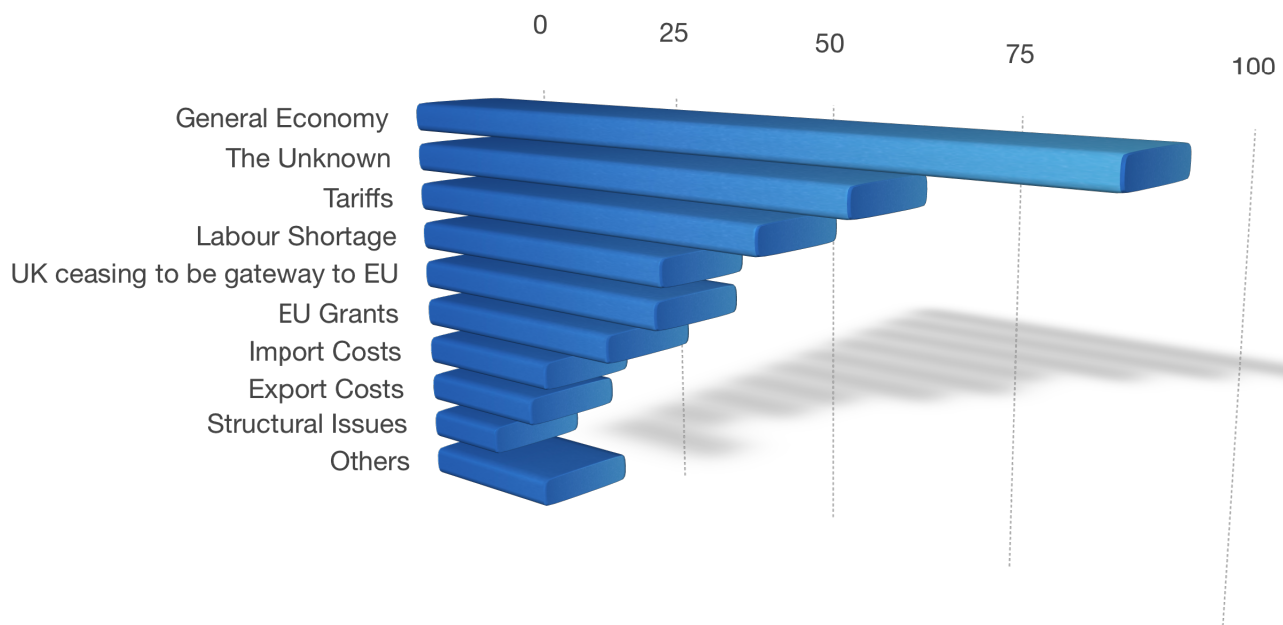
**“all those who voted Remain were either worried about Brexit or worried that they should be worried”**

## UK200Group Brexit Forum

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### THOSE WHO WERE CONCERNED ABOUT BREXIT

This section reviews the responses of those who were worried about Brexit.



Many of the “Other” selections turned out to be variations of the themes above, and some were repeated in the additional comments which we invited. The recurring themes were:

- Instability of sterling
- Uncertainty in the economy generally, leading to deterioration
- Legal and regulatory confusion and lack of direction
- Drying up of EU sourced clients
- Climate change and environmental problems
- No faith in the UK to negotiate decent trade deals.

*Much of what businesses appear to fear is fear itself, if I may be allowed to mis-quote. The selections and the comments all lead us to the same view: people are worried that people will be worried, and worry leads to economic problems. If this is the case, we can see that Mrs May’s policy of sitting tight and taking time for things to settle is obviously the right move, in order to restore confidence.*

This should not blind us to some very real specific issues that concern businesses, such as those set out in the comments section. A combination of maintaining public confidence generally alongside addressing specific issues seems to be very important.

## UK200Group Brexit Forum

## RESULTS

Financial services industries are extremely concerned that Brexit will mean an end to "Passporting" by which their FCA registration can authorise them to offer services across Europe.

Some businesses rely on compliance with EU regulations in order to validate them outside of the EU. An example is given that Japan, USA and Australia accept EU technical compliance on equipment as validated for import under their rules. This may tie in closely with the financial services passporting.

Likewise research funding and academic co-operation were cited as costing our economy potentially.

Companies who employ EU Nationals are very concerned about labour market restrictions, just the opposite of one of the apparent driving forces behind Brexit. Indeed, one point raised noted that, in order to export services - the UK's most important export - people need to be able to move freely across borders.

What we read from this is that in any negotiations, it will be important to agree some form of pan-European set of regulations and frameworks exactly as if we were in the EU. We will need to have the ability to move freely across borders. Therefore, the view seemed to indicate that Brexit may not actually mean Brexit anyway, and today we see that the PM indicates that the original suggestion of the "Australian-Style Points System" is unlikely to work.

Some of these concerns were expressed with extreme passion, although some points were interestingly contradictory. This only speaks to the confusion that some still feel around Brexit. Concern was expressed regarding house prices falling, yet this is considered a desirable outcome by government, which is seeking to push down house prices.

We should also not forget that there are significant numbers of people who very much appreciate the regulations that the EU provide, for example concerning employment conditions. An end to them may be something on which people may have very varied views.

### What might help?

We asked some fairly leading questions about specific matters which we perceived as relating to the main concerns. They were not intended to provide solutions to the Brexit negotiations, but to gauge the emphasis participants placed on specific areas where there is already evidence of change. The outcome of this question is limited to the quality of our own ideas, and this may be best repeated following the views expressed in the Brexit Forum.

The table overleaf gives a view of the responses.

**It will be important in EU negotiations to agree pan-European certifications in any event, which in turn will mean we do not escape EU Bureaucracy as many Leave voters had hoped.**

## UK200Group Brexit Forum

## RESULTS

We asked, “Thinking about your business, if you knew that the following sentences were assuredly true, to what extent would that allay your business fears?”

	N/A	NOT AT ALL	A LITTLE	A LOT	COMPLETELY
The UK and EU agree that there will be no tariffs imposed on cross border trade	8.94%	8.94%	24.39%	35.77%	21.95%
Expats - UK or EU will be allowed to register for a permanent automatic right of abode, where-ever they are living now	12.4%	9.92%	33.88%	28.93%	14.88%
People will be allowed free movement but without a right of abode - perhaps an automatic work permit for up to a year	5.69%	24.39%	30.89%	28.46%	10.57%
The UK and the EU enter into a a set of trade agreements similar to the old Common Market	6.56%	5.74%	36.07%	36.89%	14.75%
New trade agreements are created which reduce regulation on products	4.96%	16.53%	38.02%	31.4%	9.09%
Interest rates are unlikely to increase as a consequence of Brexit	8.06%	25.81%	30.65%	22.58%	12.9%
After the political arguments, Sterling will revert to its usual levels	3.28%	14.75%	26.23%	41.8%	13.93%

What the answers appear to indicate is that very little would completely, of itself, allay people’s fears. Three areas appeared to be of major concern: tariffs, Sterling and cross border trade agreements, yet among a population that does not trade much overseas (around one-fifth of respondents), we cannot help but ask to what extent these fears are what might be called the “Robert Peston Effect”?

Clearly, the issue of access to labour and interest rates have an impact, but it appears more marginal. The third question’s responses indicate a very human concern for those who have already moved to live here or abroad.

Predicting these types of responses perhaps, we decided to ask businesses whether they have confidence in economic forecasts. We were shocked to see that as many as 22% did indeed have confidence. We were with the 78% who had no confidence in them!

Because of this, we followed up the leading questions by asked how, in the words of respondents, they felt Brexit would affect them. A full, anonymised set of all 95 answers (including a couple that did not say anything much) is attached as an appendix (Question 12), because it is too important to rely on our summary alone.

The comments do, however, go once again to reinforce the observation that people fear uncertainty and instability. Specific issues that seemed to be concern were in the agricultural sector and the medical sector.

## UK200Group Brexit Forum

## RESULTS

### Likely Outcomes and their Impacts

In dealing with concerns about the unknown there are two factors which determine how concerned we may be: the first is the likelihood of the outcome and the second is the expected impact of that outcome. We attempted to have respondents, who as business people will be used to this subconscious double analysis, rank concerns on the basis of this combination.

The following table shows how the respondents ranked the outcomes presented. The underlying calculations applied the rank to the number of times that rank was achieved.

RANK	CHOICE	WEIGHTED RANK	0					5					10
1	Trade tariffs will be imposed in Europe	4.10											
2	International banking will flee the City to Frankfurt	4.21											
3	Break-up of the UK	4.48											
4	The UK will become the outcast of Europe	4.90											
5	Foreign investment in the UK will dry up	5.14											
6	America and the Far East will see the UK as irrelevant	5.33											
7	The EU itself may break up	5.40											
8	Financial services will no longer be passported to Europe	5.60											
9	Border controls in Ireland will be impossible	6.18											

Inevitably, summaries mask some important underlying statistics. For example, the break up of the UK, while mathematically ranking third by our calculations, actually had the same number of votes placing it as most important alongside trade tariffs. It fell in the rankings because many others placed it lower down the list, too. The picture that we get is consistent with the previous answers, but once again tells the story of people being worried about the macro-economic issues rather than how Brexit will actually affect them.

Naturally, our list will not be exhaustive, and we asked people to explain how they arrived at their answers and comment generally. The following is a selection of the more interesting comments.

## UK200Group Brexit Forum

## RESULTS

### Selected Comments

“Break up of the UK, break-up of Europe”

“Uncertainty may last for years...”

“Our economy depends on outside investment and being a United Kingdom”

“We cannot rely on the US/China/India for trade. They will stitch us up in a heart-beat”

“We rely heavily on labour supplied from the EU”

“Financial and political instability across the UK and Europe will be very damaging”

“We depend on the financial services industry. This will become weak and no longer world-class, and lack of tax revenues will lead to reduced state pensions, break-up of the NHS, civil unrest”

“... will all lead to worse health outcomes for our people, lack of investment in research and new technologies will mean it dropping even further behind in detection and treatment of common diseases, this will open up a bigger gap between rich and poor and all the research we have shows us that if this happens then everyone's health deteriorates, even the richest in society, this was already happening, it's going to get exponentially worse”

“Restrictions in financial dealings with EU Countries”

“We are an integrated European company. We have taken full advantage of free trade in EU. For instance this enables goods to flow overnight unimpeded from mainland Europe to UK and be delivered to hospitals and to patients next day. These are regulated devices with EU medical CE marking. Why would we continue to have access to these advantages after Brexit? The UK is unlikely to get a good deal from other EU members after insisting on migration restrictions. I fear that attitudes to UK will sour in the coming months as the consequences of Brexit negotiations start to play out.” (verbatim)

“Your list excludes the loss of mobility for our children to work in EU in the way they can now; Also, the likelihood of undermining EU positions on tackling climate change, and environmental protection; Also, the political system, and civil service being overwhelmed by the task of dealing with Brexit, leading to a lack of effective government for years to come; Also, the prospect of the Tory party splitting and there being no effective opposition, leading to political instability after the next election” (verbatim - *ed: not sure that these are strictly business concerns, however valid*)

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There were many other comments which picked up these points. We have included a few choice ones verbatim, but the other comments are reflected as above.



## UK200Group Brexit Forum

## RESULTS

### What is important?

Our final question to the participants who were worried about Brexit - which is the larger part of the survey - was to pick several headline points over which we have seen the press express concern, and see whether respondents saw them as important:

#### What Matters to You?

	Important	Matters somewhat	Important but not to me	Unimportant	Don't care
General level of UK economic activity	85.04%	10.24%	3.94%	0%	0.79%
The Single Market	52.76%	27.56%	16.54%	0.79%	2.36%
The larger world market	43.31%	33.86%	19.69%	0.79%	2.36%
A strong pound	40.16%	30.71%	19.69%	7.09%	2.36%
A weak pound	22.05%	25.98%	26.77%	19.69%	5.51%
A strong property market	29.13%	30.71%	23.62%	14.17%	2.36%
EU or other grants	22.05%	25.98%	29.92%	17.32%	4.72%
Ability of government to provide competitive advantages to UK business	50.39%	32.28%	11.81%	3.15%	2.36%
Import and export tariffs	44.09%	25.98%	25.2%	2.36%	2.36%
Keeping free movement of people	44.88%	25.98%	17.32%	8.66%	3.15%

## UK200Group Brexit Forum

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To create a representation of this data graphically we have used a score based system for answers as follows:

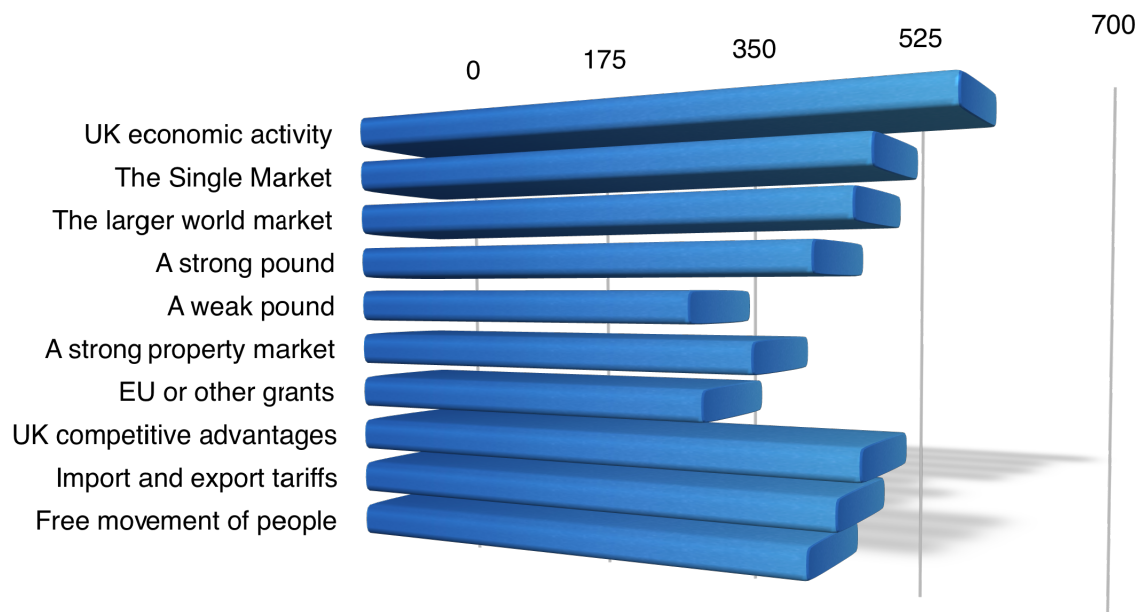
**Important** scores 5

**Matters somewhat** scores 4

**Important but not to me** score 3

**Unimportant** scores 0

**Don't Care** scores -1



This representation gives a clearer view for example, of how the strength of Sterling affects different businesses in different ways, and we should not assume that it is in everyone's interest to have a strong Pound. The importance of the larger world market is comparable to the importance of the Single Market, but it is less so.

## UK200Group Brexit Forum

## RESULTS

### THOSE WHO WERE NOT CONCERNED ABOUT BREXIT

This comprised a not insignificant number of the respondents - 41% - and we felt this was very encouraging for the UK economy on a macro level. If 41% of our business community are confident following Brexit, perhaps the 59% who were not confident should wonder why? We certainly did and we asked them the question.

RANK	CHOICE	WEIGHTED RANK	0											9
1	Obviously the economy would have a shock, but it will recover once the scare-mongering dies down.	1.98	<div><div></div></div>	<div><div></div></div>										
2	The EU leaders demonstrate daily why we should not be part of it.	3.07	<div><div></div></div>	<div><div></div></div>	<div><div></div></div>	<div><div></div></div>								
3	Brexit opens new doors, and we should embrace new opportunities.	3.37	<div><div></div></div>	<div><div></div></div>	<div><div></div></div>	<div><div></div></div>	<div><div></div></div>							
4	There is a whole world that we are part of. Why limit our perspective to Europe?	3.99	<div><div></div></div>	<div><div></div></div>	<div><div></div></div>	<div><div></div></div>	<div><div></div></div>							
5	Brexit is merely life-saving surgery: a painful but necessary correction.	4.36	<div><div></div></div>	<div><div></div></div>	<div><div></div></div>	<div><div></div></div>	<div><div></div></div>	<div><div></div></div>						
6	The EU is a fantasy; it looks nice but is really like imprisonment.	5.91	<div><div></div></div>	<div><div></div></div>	<div><div></div></div>	<div><div></div></div>	<div><div></div></div>	<div><div></div></div>	<div><div></div></div>					
7	The world and economies will sort themselves out. It really doesn't matter.	6.43	<div><div></div></div>	<div><div></div></div>	<div><div></div></div>	<div><div></div></div>	<div><div></div></div>	<div><div></div></div>	<div><div></div></div>	<div><div></div></div>				
8	I have little to do with Europe, and just don't care.	7.42	<div><div></div></div>	<div><div></div></div>	<div><div></div></div>	<div><div></div></div>	<div><div></div></div>	<div><div></div></div>	<div><div></div></div>	<div><div></div></div>	<div><div></div></div>			
9	Whatever happens, the politicians will mess it all up.	8.06	<div><div></div></div>	<div><div></div></div>	<div><div></div></div>	<div><div></div></div>	<div><div></div></div>	<div><div></div></div>	<div><div></div></div>	<div><div></div></div>	<div><div></div></div>	<div><div></div></div>	<div><div></div></div>	

The over-riding observation is that those who were not worried by Brexit were not trivialising it. We gave plenty of opportunity to suggest it was much ado about nothing, but it was not taken. Instead, as illustrated above, the view was more that there may have been good reason for a Brexit and that the economy will right itself given a bit of time and calm.

Our offerings in this section were deliberately Leave-Voter centric, and that was not, in fact the impression of the results. Analysis in more detail shows that people in this category were looking forward to positive outcomes. Perhaps it is just the balance between optimists and pessimists?

This is certainly the view we get from those who filled in the white space section, asking for other reasons not to be concerned. These indeed are far more consistent than the comments made by those concerned about Brexit, which should perhaps not be that surprising.

## UK200Group Brexit Forum

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The recurring theme is a belief that the exit process will be painful, but the outcome will be to allow the UK to be master of its own destiny. This is open for further debate, but it is summed up best by one comment that said that Britain will make the best out of a bad result.

Others were more positive:

*"Being concerned is a negative emotion. If all concerned would become optimistic the result would be more positive sooner. All the acrimony is a self-fulfilling prediction."*

*"There is far too much short termism - yes things may be painful in the short term but my vote was about my children and my children's children. Europe will fail anyway so best we get out now and get our own house in order before the rest crumble."*

*"I believe the EU will implode whether we stayed in or left. By leaving we isolate ourselves from the shock"*

*"The EU in its current form is a failed and significantly costly experiment. I voted for my children's future (as well as mine), so that they would not be burdened by this ever increasing costly failed experiment, that our parents didn't vote for either! The economies of the EU cannot be harmonised, without significant cost to the developed members; its a cost not worth incurring in long run due to such deep differences in the various economies. So there will be a tariff to trade into the EU - perhaps 5/6% being muted, but there's already a tariff in our cost of being a member of the EU, which is quite possibly greater than 5/6% !"*

It is important to note also, however, that among the many comments made, the vast majority did not say why they were unconcerned but merely why they voted to Leave. One might conclude that this sector of the population were simply more optimistic about the UK's ability to go it alone, and wanted to change the EU relationship.

**More than 50% of those not worried by Brexit felt inward investment was key, and 86.5% thought it important or key**

## Government's Objectives

While the concerned participants made clear their worries, those unconcerned may also have matters that are important to them which need to be taken into account. Those who were not worried by Brexit indicated that the following policies were of importance to them:

**Maintaining inward investment** was seen as an imperative. More than 50% of those not worried by Brexit felt this was key, and 86.5% thought it important or key.

**Maintaining free movement of people** was, however, seen as something that should cease (66%).

## UK200Group Brexit Forum

## RESULTS

The views on factors such as maintaining the value of sterling and EU project funding were not extreme and widely disparate, while there was overwhelming consensus that property price growth was irrelevant - a subject that seemed dear to the heart of many who were concerned about Brexit.

### The Don't Knows

The 6% who did not know were difficult to draw out. The answers to their questions indicated a feeling of bewilderment, feeling that there were so many conflicting reports and there were concerns but opportunities too. However, there were only 14 people who selected this option, and we feel that this is insufficient to reach any useful conclusions.

There were some interesting points which arose, the most surprising was that no-one felt that until Article 50 is exercised we cannot know the outcome of Brexit, and whether to worry or not.

There was general agreement on the following:

***Trust of politicians:*** 100% of respondents either did not trust politicians or were unsure of them.

***Reliability of economic forecasts:*** 60% felt they were no more reliable than weather forecasts.

Whereas, responses were broadly split equally over whether the entire subject is over-blown, and whether it does not really matter, because politicians will mess it up in the end anyway.

## UK200Group Brexit Forum

## RESULTS

### What has Changed?

Finally we asked all participants to tell us what has actually changed since Brexit. The results were largely, that little has actually changed:

	IMPROVED	NO CHANGE	DETERIORATED	IRRELEVANT
New business enquiries	10.28%	65.42%	12.62%	11.68%
Sales	11.21%	65.42%	11.68%	11.68%
Relations with EU business partners	2.78%	47.22%	9.72%	40.28%
Relations with non-EU business partners	4.69%	52.11%	3.29%	39.91%
Staff availability	0.93%	68.69%	6.54%	23.83%
Costs of purchases	0.93%	52.31%	31.48%	15.28%
Investor relations	2.34%	54.67%	7.48%	35.51%
Bank relations	1.42%	70.62%	9%	18.96%
Your own confidence in the future	21.86%	28.37%	45.12%	4.65%
Confidence of others in the future	17.59%	19.44%	59.26%	3.7%

By drilling down into these numbers, we can see that the significant percentage showing cost of purchases has deteriorated reflect the effect of the value of Sterling, which, since this survey commenced, has strengthened (as at the date of writing - it could easily change again).

Reviewing the white space boxes for further comment on the subject of what has actually changed, it would be ludicrous to suggest that there has been no change at all. People have noted that overseas investors are selling property, for example - though perhaps that is more to do with the budget changes in April than Brexit - while others do see a fall off in EU referred business.

It is interesting that the view of several professional firms who responded (where they indicated as much) is that they now perceive a greater need for their own international presence.



## UK200Group Brexit Forum

## RESULTS

### General Comments

We invited participants to comment generally as they saw fit. Some comments are not especially relevant to the current Forum, interesting as they were. The survey itself got a mixed response. Some thanked us for running it. Others felt it was rather negative.

Here are some copied and pasted choice comments:

*"My children, all working age, are all planning to leave the country to find work elsewhere as they see better and more morally acceptable prospects since leaving the EU, they are horrified at the likely hood of reduced protection for the environment, animal rights, human rights and what they see as a bunch of old people rejecting the EU when they won't have to live with the consequences"*

*"It would be interesting to learn from businesses in the UK who have a worldwide or Europe-wide remit, if they are considering either moving some more work into the EU or setting up new plants in the EU to capitalise on free movement of goods and people in the future."*

*"Please do not let politicians get away with abandoning the greatest example in history of reconciliation and cooperation between former enemies and countries that have emerged from totalitarianism, in favour of preferential bilateral 'free trade' deals with communist China, undemocratic Russia, etc etc."*

*"Similarly do not allow bogus 'free trade' rhetoric to be allowed to dodge our responsibilities to our future by dismissing action on climate change as red tape, and repealing it."*

*"It is very difficult to judge the immediate consequences because in the summer, and particularly July and August, activity levels are always lower"*

*"I believe that it is very important that we accept the result and quickly move forward, keeping a positive outlook and reassuring those that invest in UK that we will get through this in a successful manner."*

*"I defy anyone to complete this survey meaningfully in 7 minutes." (Ed: We can see the timing - many did!)*

## UK200Group Brexit Forum

## RESULTS

### Summary

The report does not seek to reach conclusions in itself, as it was prepared to inform debate. The debate reflected on many of the key findings, and focused on the difficulty for businesses to plan, with reasonable certainty, for outcomes of events over which they have no control and where the possible outcomes are nothing more than guesswork.

Each day, we read of further developments. We expect that, in the end, the outcome of the Brexit negotiations will be driven by politics, but will result in practical matters that will affect us all, and our clients, and their clients and their families.

The survey shows that entrepreneurs fear recession and the uncertainty. General economic slow-downs and the uncertainty which drives economic failure, are always bad for business. Concerns about trade tariffs, currency strength and the property market, which supports underlying business borrowing, were all important.

The survey noted both opportunities and risks around Brexit, from trade tariffs and damage to the EU itself, to the possibilities of creating new advantages in a more tax favourable environment once the EU is no longer restricting government policy.

A recurring theme is that there were two very different stances taken regarding the free movement of people. This has been generally accepted as the most difficult area for government to balance correctly, irrespective of its impact on Single Market negotiations. Our population was divided fairly equally between those who were confident that the UK did not need migration on the one hand, and those who fear that curbing migration will have a seriously detrimental impact on the availability of appropriate labour.

Above all, most businesses reported that, since 23rd June, very little has changed. Those who imported noted increased costs, doubtless because of currency movements, and this should not be underestimated. The real change is in confidence, which has suffered significantly, and if there was one message that came out more clearly than others it is the need for clarity, simplicity, and consistency. These are not things the business community has been used to seeing over recent years, but with a new government we are all hopeful.

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## APPENDIX

### GENERAL COMMENTS ON BREXIT FROM PEOPLE CONCERNED ABOUT LEAVING THE EU

## COMMENTS BY PEOPLE CONCERNED ABOUT BREXIT

The majority of our clients to do export or import a great deal, therefore the trading effect will be minimal. However, the creation of uncertainty lack of confidence arising will depress the economy, which will have a knock on effect to our clients. Also there is a worry in Wales that the exit will affect the funding nationally and the impact that will have on the economy.

It gives us plenty of opportunities to grow and develop, offering advice on changes in taxation that will inevitably result from the new government and future governments as well as offering planning and strategic advice for the development of business in a changing environment.

I think it will lead to some business failures with a negative impact for us. However I think it is a huge opportunity to upskill both \*\*\*\*\* and UK200

Client costs increase

Uncertainty will stifle investment which will impact on our commercial work with corporate / business clients

We operate using foreign ships which we pay for in Euros. The cost escalated 10% overnight, which not only soaks up all our profit but pushes us into a loss.

A general down turn in the economy, post Brexit will lead to lower demand for our products, unless government spending on schools and infrastructure increases to compensate.

Reduced profit due to increased import costs following the collapse of Sterling

Our business provides services to local/regional businesses. Their buoyancy directly affects their ability/willingness to invest in our services. Anything affecting this aspect of the economy therefore affects our business. I also see the Humber region as very directly linked to European trade and may be adversely affected by reduced economic ties with the mainland EU.

It will reduce immigration which we need to maintain current worker levels, without immigration recruiting good staff will be difficult. We need immigration and confidence in the housing market to drive up demand and rents and prices. (We are a property letting agency). Poor economy will mean people defaulting on rents, which will impact our business with lost fees and Landlord pulling out of rental market due to increased problems.

General slowdown of activity for a short to medium period of time

I don't have a business but all businesses big or small will suffer from not having the right to trade freely within Europe & through Europe with the rest of the world. As far as I'm concerned we've committed national suicide, sending us back not to 1950s but to the 1930s

The general uncertainty will affect my sales and investment

## COMMENTS BY PEOPLE CONCERNED ABOUT BREXIT

The level of business confidence will drop thereby reducing investment and market activity in almost all commercial sectors.

As mentioned, it will potentially affect the decisions people make about buying and selling property particular and this in turn impacts our turnover and cash flow.

It will not impact directly on my business but may impact on the businesses of my clients (who are mainly in the agricultural sector).

Farming - uncertainty re subsidies will cause a drop in investment.

Residential property - job losses may cause a slump in rents

Renewable energy - it is unlikely investment will happen until assurances are given for long term commitments to payments.

I think it will be beneficial as low interest rates which I anticipate will remain until the end of the decade will very much support stock market valuations (there is nowhere else to invest ) and in the mid future commercial property values.

I also believe there are substantial short term risks in the banking / financial markets and the bond markets are a ticking time bomb but that is really nothing to do with Brexit.

possible effect on workforce , especially with the fear and uncertainty surrounding the status of foreign workers.

the effects on our warehousing customers , most purchase products in dollars and a weak pound dramatically affects their buying power and consequently the amount of product stored and transported

Not really

None at all because I provide services, in fact if tax reduces I will be cheaper

Probably lower subsidies in the future but this will feed into lower rents for land.

If financial services do not have the current trading terms this will possibly have big implications for structuring across Europe that could well lead to the transfer of significant decision making away from the UK. This would significantly affect my business (consultancy into financial services)

IF Brexit happens it will have a huge detrimental effect on my business. I still hold out hope that it won't actually happen.

## COMMENTS BY PEOPLE CONCERNED ABOUT BREXIT

My business is about outreach in Europe and the rest of the world. If Europe and others consider us as an outsider to partnership working we shall be a lonely little island state while others enjoy preferential partnership opportunities, funding and cross-cultural benefits.

Short term positive, medium/long??

Initially positive as we service the aricultural sector, but longer term it may be negative as it may weaken the economy

In the short term we will receive a boost because of the weak pound but longer term I expect things to return to normal until big decisions are made regarding trade agreements and our relationship with USA, China, Russia, Europe, India and Japan.

Negative impacts which I am experiencing already

cant see any positives, can see some negatives; but the degree of negativity is unknowable

Uncertainty is likely to lead businesses to be cautious. International business is less likely to locate in the UK as it is no longer a gateway to the EU. Jobs will go. Likely to lead to econnmic downturn. People will lose their jobs. Less disposabe income to spend on the non-essentials which are provided by our business

Exchange rate has de valued business asserts by 20% which are to be invested else where in the world. Brecht has cost us £1m at current rates!!!!

Negatively, to the effect that we are seriously considering relocating within the EU. Lack of free movement, right of abode, and access to EU research funding/collaborative projects being the main reasons.

Our business is winding down if confidence is high we should be OK Land prices must not colapse.

Currency rate volatility will affect export potential versus import competition

Greater volatility in milk price due to poor relations between the UK and Europe following their "divorce"

I feel that the main impact will be due to uncertainty about the future (a fair proportion of my customers are from EU countries), customers may not be quite so prepared to pay for our services.



## COMMENTS BY PEOPLE CONCERNED ABOUT BREXIT

Brexit doesn't impact directly on my business, but I believe that many goods and services in the UK will increase in price generally. I also believe that the volatility of the exchange rate will have consequences on businesses and that will eventually lead to cutting of costs and loss of jobs. Any downturn, or reduction in the general spending-power of households, impacts directly on my business. My concerns are not just about business and economics however, my concerns are more based in the principles of being part of a Europe, with protection of human rights, employment rights, rules of equality etc. In addition, any restrictions on freedom of movement and the right to live and work anywhere in Europe, makes our world a smaller place and restricts the freedoms of us and our children.

Reduced number of tech businesses setting up in the UK as an entry point into the European market, who will choose a location in the EU instead eg Berlin. These are an important part of our client base, so we have great concerns that the result will be a fall in our revenues rather than the planned growth.

We shall all have to work a bit longer and a bit harder

We hope not to be directly affected, but there is more risk of recession which could impact on the rate we can charge for our services and what we can pay to our staff.

Much of our business is serving the European expat community in the UK. if no more business people are allowed to come our growth may be severely impacted, as will the case be if there is a general economic downturn which also appears likely

It will make clients feel less confident and therefore less likely to engage in business activity

There will be some recessionary forces and exchange rate issues for a while and then things will calm down and rectify themselves.

As a farmer I know that we are totally insignificant in the eyes of the Government at less than 1% of the electorate. We will no longer be able to shelter under the French Farmers umbrella.

I think it will lead to uncertainty and this is likely to cause markets to stagnate. I don't anticipate too much growth over the next few years.

it is not my business but the impact on the country as a whole and its psyche that concerns me

one of our larger clients import goods and pay in dollars. They will struggle to survive at current dollar rates.

General uncertainty accross the UK could prevent key business investement decisions

Not good.

Uncertain at this time

## COMMENTS BY PEOPLE CONCERNED ABOUT BREXIT

Uncertainty re EU funding and access to markets affect all aspects of our business in agriculture; Specific problems at present relate to price of land, what rents are going to be affordable, what rates should apply to contract farming arrangements; what impact more volatile exchange rates will have on inflation and interest rates. Possibility of preferential access agreements with other countries being dressed up as 'free trade' deals, without food security issues being taken into account; possible loss of current access to EU markets. Longer term, ideological dismantling of policies led by EU to tackle climate change, and protect the environment, being dressed up as getting rid of red tape, to the detriment of everyone below the age of 60.

Decisions and transactions will be delayed because of a fundamental uncertainty

I provide a service to other businesses, mainly in the UK, so no real change there in terms of doing business, though the economic fallout from Brexit, may reduce the opportunities of new client contracts.

The last 3+ years i have worked extensively in mainland Europe and more recently have entered into contracts directly with a German business. I am uncertain of the impact of Brexit on arrangements such as these. I'm sure they will be more complicated from a reporting and tax perspective though.

Slow expansion/export plan

In the short tem very little other than a reduction on my operational margin. Long term the exchange rates with the Euro and dollar will impact on my ability to import products at a competitive value.

We are already paying more for our raw materials, almost none of which can be manufactured in UK - they are almost all produced in a euro or non-sterling economy. We hedged well for 2016 but none of our 2017 business is hedged; hedging now means an 18% difference to costs compared to when we hedged at end 2015. We cannot recover that from our customers.

The major impact will be the cost of parts and equipment so will increase our manufacturing costs

The weakening of currency will increase our costs which will be hard to pass on to our existing customers who have over the past trading years enjoyed our competitiveness.

Our export costs will increase

Therefore home grown competition will start to emerge in countries we export too.

## COMMENTS BY PEOPLE CONCERNED ABOUT BREXIT

Uncertainty damages the economy, so people have less to spend

It will change and we will adapt, as always.

We are consultants with many years of business experience in EU, and also USA and to some extent Asia. If anything we may find our clients more inclined to hire us for work involving the EU but we will plan for no real affect on our turnover in the next 3 years.

The UK is currently the centre of EU Medicines regulation (EMA headquarters are in London). My work is as an advisor to overseas companies on drug development/ registration in the EU. Once we are no longer part of the EU, I will no longer be a suitable advisor. End of career.

uncertainty causing businesses reluctant to expand causing stagnation in the economy

We both import and export but we are a net importer so currency is a major problem. The benefit from being more competitive overseas takes much longer to realise and is partly offset by the possibility of tariffs.

We rely on the European regulatory framework ("CE Marking") and the uncertainty about what will replace it in the future is a challenge. If UK goes its own way it must have a reciprocal arrangement with EU or we will face trade difficulties in each direction (at the very least an increase in regulatory costs as we would have to maintain compliance with both systems). It would be better for us if we just stay in the EU regulatory system regardless of other agreements.

We will be working with multiple legal jurisdictions of pre and post Brexit for years and the absence of clear leadership will leave behind legal complexity that was never foreseen by the voters.

A downturn in general trading, house building, construction, etc will impact on jobs and therefore on retail sales

It will make it more difficult to deal with multinational businesses.

It will reduce investment - investments which are the projects that my business services.

Initially it won't but until some policies are made public on how trade will continue with the EU we are all in the dark for the medium term.

Make it more expensive to trade with Europe

It will not impact on our day to day trading other than a fall in investment market would have a marked effect on our annual review fee income

## COMMENTS BY PEOPLE CONCERNED ABOUT BREXIT

It will force us to alter our business model.

Initially, it pushes up the costs of our main imports and will reduce our profitability by half.

In UK we supply NHS, so in many ways are protected from an economic downturn. However spending pressures do not allow us to pass on cost increases to customers.

We plan to move into another market segment with a UK produced product to help compensate for our post Brexit margin losses

Our exports become more attractive, so we will invest more overseas especially in our Australian subsidiary.

If foreign visitors have problems getting into London my private medical practice may suffer loss of profits .

Medical research and funding may relocate to Europe and the UK reputation for being best in class will suffer leading to less allure for visitors to Harley Street .

The fear factor will hamper investment in business, the economy will shrink. We are in the services sector and we have already seen a drop in enquiries for new work.

Dropping consumer confidence and wages will depress the housing market and the commercial property market as businesses and individuals seek to consolidate and stop spending.

The uncertainty will delay investment decisions and will hamper the performance of our business focus politicians on political negotiations and therefore not stimulating growth in the economy.

It's already harmed the business and lot of things related to expand business was put on hold.

Brexit should have little impact on my business but will have an adverse effect on the country

Current EU clients who were otherwise happy with my company's services and with whom we have had stable relationships for years have been given a reason to consider looking at alternative suppliers or renegotiate terms.

purchases will become more expensive (either because of exchange rates or because of UK labour shortages).

## COMMENTS BY PEOPLE CONCERNED ABOUT BREXIT

Reduce the number of clinicians able to or willing to work in England, both nurses and doctors, we are an out of hours provider and are already struggling to find enough clinicians to work , also all large pieces of research that were funded by the EU have now stopped or been suspended, without this acting in a safe and cost efficient way will be challenging, especially around young people and provision of health care in situations such as swine flu , zika or whatever comes next.

The freedom of movement of labour is vital, Allied to standardisation of good services and directives

Not certain-which is part of the problem!

1) We are dependent on US and European Financial Institutions taking up office space in London. Anything that affects the City of London Office market affects us. Uncertainty about passporting rights for UK based financial institutions and anything which leads to US or other countries deciding to relocate or locate European HQs elsewhere affects our business in terms of turnover and our gross margins

We import our goods from the EU as a result of the out Brexit vote and the resulting fall in sterling this has made our suppliers at least 13% more expensive. Continued uncertainty discourages our customers from contract pricing or we can not offer contract pricing making our goods less attractive to our customers plus having to push our prices up.

Our costs on materials have gone up and, as we have a large number of skilled labour that come from the EU, we have great uncertainty on our jobs going forward

I contract to multi-national companies that may decide to leave the UK. Even those that stay might choose to reduce investment. Both of these options are likely to reduce the possible contract values that I can obtain.

Already our imports from China & EU equating to 44% of our annual purchases have cost us 20% more than pre-brexit due to sterling collapse and our economic status being so devalued. All this with out any increase in sales or reductions in costs/overheads, how as SME's are we to keep mopping up after the previous recessions we've had to weather and potentially the next, most serious one.

I shall be amazed and grateful if we are even still here in another 5-10 years times as I worry it Brexit has set our economy back this amount of time at least.

Brexit will impacton our cients by restricting access to Europe and making us less attractive to investmentin the UK by other countries,, eg China.

#### COMMENTS BY PEOPLE CONCERNED ABOUT BREXIT

Uncertainty will potentially make our Us clients look elsewhere.

Unable to obtain EU R&D funding.

More difficult to recruit specialised staff from other European countries.

I think the business will actually perform very well through out Brexit - assuming there is not another significant recession, however, the long term impact on the UK will be negative. I believe that EU (cheaper) labour was key to our economy and those who think otherwise are poorly informed.

Potential restraints on freedom of movement within EU countries

Lack of jobs and investment. Leaving means our government will have to make decisions and give out money to businesses. I do not believe they will. All money will stay down south and line the pockets of the cockneys.

Little impact