

Introduction – Oxford's economic importance

Oxford is at the centre of one of the top five technology clusters in the world. As a focus for the UK's knowledge, technology and science sectors, Oxford has major assets which include two leading universities, and cutting edge research in areas including space, bio-tech, nuclear fusion, data science, quantum technology and robotics. We have diverse international enterprises including BMW Mini, Oxford University Press, Sharp, Natural Motion, Unipart and Centrica among numerous others. With its diverse sector mix, Oxford's economy is broad-based and structurally resilient.

Oxford contributes £6.8bn to the national economy annually and generates £1.15bn in income tax, £226m more than 10 years earlier. Our private sector job growth of 17.8% over the last five years is the fastest outside London. It is our aim to ensure that Oxford continues as the innovation and growth engine of the Oxfordshire 'Knowledge Spine' and is a major contributor to a regional cluster world leading in science, technology and trade. This is vital for the UK economy as well as for the long-term sustainability of the city region.

BREXIT brings specific risks to our major employers, and the city's key sectors. Depending on the outcome of negotiations with the EU, the consequences could be damaging for growth and productivity, science and technology, and public services. Below, we highlight some of the primary areas for consideration in response to this call for evidence.

Section 1: Local growth

Q 1.1 Have you identified opportunities associated with exiting the EU and how to take advantage of these?

It is hoped that Government will respond to the sentiment that shaped the vote by ensuring **an increasing focus on stimulating growth and inclusivity**, particularly through renewed investment in infrastructure and skills for the wider community. Also, a place based **National Industrial Strategy** may be of long-term benefit in supporting local industries, if it ensures interventions across the country.

Our colleagues at Experience Oxfordshire (our Tourism DMO) are seeking to ensure a greater **international tourism** volume and spend, particularly around length of stay and attracting new visitors.

It is possible that a **more liberal regulatory environment** will allow greater speed of commercialisation of science. However, this opportunity may be outweighed by abolition of harmonised regulations, lack of access to data across borders and inability to participate in scientific networks with our neighbouring trading block, making cross-border trading and collaboration generally more complex. We may gain some inward investment from companies who wish to access the UK market, but may lose some that use the UK as their EU market gateway.

Q 1.2 Are there likely to be any significant changes to the labour market in your local area as a consequence of exiting the EU? What are the opportunities and/or risks associated with these?

Oxford has a **highly-qualified workforce and a high demand for labour**. 67% of our jobs are knowledge intensive and 60.2% of Oxford's residents are qualified to NVQ level 4 or above. The city has a job density of 1.16 versus 0.85 across the South East. Oxford supports 131,000 jobs in total; with c46,000 commuting from outside the city. Unemployment stands at around 0.9% or 1,015 people. Given the challenges of near full employment, with significant job creation potential and housing market pressures, Oxford's ambition is to expand the skills base in the resident labour market. Due to limited slack and demand for specialist skills, this must be complemented by labour mobility at county, national and international levels. Boosting supply is vital to achieve local growth.

Over a quarter of our working age residents who are in employment hold non-UK passports. Table A shows that **13.1% of residents who are in employment hold a non UK European passport** (EU including Ireland).

Table A: Usual residents in employment holding a European passport

Passports Held	Population aged 16 to 64 in employment: Total	As a percentage of population aged 16 to 64 <i>in employment</i>	Passport holders as a percentage of population aged 16 to 64
Population aged 16 to 64 in employment: European Total	58,257	85.9%	82.4%
Europe: United Kingdom	49,344	72.7%	70.2%
Europe: Ireland	981	1.4%	1.3%
Europe: Other Europe: Total	7,932	11.7%	10.9%

Table B shows the importance of EU workers in both numerical and percentage terms.

Table B: Non UK European workers in Employment

Passports Held	Population aged 16 to 64 in employment: Total	As a percentage of population aged 16 to 64 <i>in employment</i>	Passport holders as a percentage of population aged 16 to 64
Population aged 16 to 64 in employment: Non-UK European Total	15,380	11.7%	13.2%
Europe: Other Europe: EU countries: Total	7,448	11.0%	9.9%
Europe: Other Europe: EU countries: Member countries in March 2001	4,299	6.3%	6.2%
Europe: Other Europe: EU countries: Accession countries April 2001 to March 2011	3,149	4.6%	3.7%
Europe: Other Europe: Rest of Europe	484	0.7%	1.0%

There is already evidence of employees in a range of business feeling uncertainty about their continued status in the UK, or returning to their country of origin. The reversal of EU citizen status will impact on the attractiveness of all UK locations to international and EU labour. In Oxford specifically, it is expected **that impact will be felt widely, across the highest skilled sectors, middle income professions and service professions**; areas where there are known labour shortages such as **ICT, science, technology research and engineering disciplines, the healthcare and hospitality** sectors for example.

Q 1.3 Are there likely to be any significant impacts on particular economic sectors in your local area as a consequence of exiting the EU? What are the opportunities and/or risks associated with these?

As well as a 100 year association with **vehicle manufacturing**, the area is defined by the University of Oxford, Oxford Brookes University, and forms part of the 'Golden Triangle' with Cambridge and London and with a combined annual research income of over £1.4bn. Powered by research and highly qualified labour, Oxford has developed **biomedical, medical and technology** clusters of global significance. Some of the consequences for our major sectors are considered below.

1.3.1: Higher Education Higher education is vital to Oxford's economy. In 2014, around 43,600 students (graduate and postgraduate) attended the city's two Universities. Higher education in Oxford accounts for approximately 21,800 jobs, or 19.6% of total employment. The University of Oxford is world renowned and ranked first in the Times Higher Education latest global league table. Oxford Brookes University is regularly ranked among the best new universities, and has earned recognition for the quality of a number of its teaching areas, including: architecture, publishing real estate and hospitality management, automotive engineering and computer science. **Access to research grants and partnerships will be reduced, as will access to EU researchers and students, due to the restriction of free movement of labour.**

[1.3.2: Bio-tech](#) Oxford is a major centre for teaching hospitals and home to a cluster of specialist medical organisations which together employ around 14,000 people, or 13% of the total workforce, supporting 2,700 jobs. These assets align closely with healthcare and bio-medical research undertaken at the universities.

The health sector is a catalyst for the region's biotechnology sector. Research by Bidwells and Letscellit in 2015 identified **233 bio-tech companies**, considerably more than the 163 identified by Oxford Bio-technology network in 2011. Since December 2014 ten firms have attracted over £1Bn in investment. Oxford has numerous strengths in subsectors including drug discovery and development, diagnostics, medical technology and imaging. There are an estimated 7,500 jobs in biotechnology sub-sectors in Oxfordshire. Key companies locally include Oxford Nanopore, Oxford Biomedica, Immunocore, Genzyme, and Sharpe Europe.

Many of the companies operating in the sector are targeting export markets and three of the main concerns for the biotech sector that arise are:

- **Access to talent,**
- **reduction in funding and investment in the biotechnology sector,**
- **The country's role in managing regulations affecting the sector.**

Opinions in the industry are split on the impact. In an interview with The Telegraph, Dr. Elliot Forster, CEO of Immunocore and executive chairman of MedCity, said he was "optimistic" that Brexit would not have as severe an impact on life sciences as many have assumed. JMP analyst Michael King stated that Brexit "will likely push the pause button on biotech for a while."

What is a concern is that if British companies want to sell in the single market, they will have to comply with laws that they will no longer be able to help formulate. However, the UK could perhaps better tailor its home regulatory system to its own needs. Currently, the European Medicines Agency (EMA) can grant pharmaceutical companies a single marketing authorisation to operate across the EU, providing faster access to the whole market. Headquartered in London, the **EMA may well have to relocate in light of the referendum vote**, which will be potentially damaging for drug discovery and approval in the UK.

The level of impact largely **depends on whether the UK remains part of the European regulatory framework and retains access to the single market and EU funding programs**. In the event of a 'hard Brexit' the government will have to provide active support to the biotechnology industry.

[1.3.3: Research, science and technology](#) Oxford has numerous world-leading science and 'Big Science' assets that face an uncertain future because of;

- **their direct links to EU wide infrastructure,**
- **reliance on EU talent,**
- **reliance on EU funds, and;**
- **A need for international collaborative efforts to achieve genuine impact.**

Professor Ian Walmsley, Pro Vice Chancellor for Research at University of Oxford has argued that access to European Research Funding and the networks funded by it are critical to the current high standing of British science. He highlights areas of development: **Quantum Technologies, Data Science and Structural Biology** that have benefited from European funding.

The **Division of Structural Biology** has received significant grant funding through Horizon 2020, but is also host to **INSTRUCT**. This is one of six Pan-European research facilities in the UK. **HIPER** – High Power Laser Energy Research Facility (Harwell, Oxford) is another of the six. INSTRUCT was initially funded by the EU under Framework 7, but it is now supported wholly by national and institutional funds from ten member countries. Areas like quantum secure communication, quantum sensing and quantum simulation and computing now demonstrate technology opportunities that can be taken up by industry.

The Commission's Expert Group on the Quantum Technology flagship provides the opportunity to shape a pan European research programme. Professor Ian Walmsley, a member of the group, argues that the big science involved requires a Pan-European ecosystem, made up of people and networks that provide

access to intellectual resources that aren't available in one country. European research funding and researcher mobility are both critical to this.

Big Data Institute: Data science for the health at the University of Oxford is funded through a mix of sources; UK Research Councils, big Pharma, the US National Institute of Health, and the EU. Oxford scientists lead on the specification of standards for the UK node of ELIXIR, the European framework for sharing life science data repositories. This work is important as the life sciences become a big data science on a scale comparable to particle physics and astronomy. This work relies on collaboration, data flows and EU funds. Data intensive translational research is being conducted for the Innovative Medicine Institute. This is funded jointly by the EU and Roche and is Europe's largest public-private initiative. Half of the University's staff in this field are funded through **European Research Council (ERC) grants, doing high quality research through access to money that has few constraints** compared to other EU funds.

The Mathematical Institute: Advances in big science may depend on advanced mathematics, and such advances underpin work on cybersecurity, data science, forecasting and modelling. Advances in mathematics play a key role in advanced manufacturing, particularly in aerospace and the life sciences sector. The institute is one of the top five in the world and the strongest in Europe. It has a **100 strong** faculty with 80 post-docs, 250 PhD students and 1,000 undergraduates. The faculty is truly international, with 62 UK passport holders (some of whom have come to the UK from European countries), **23 with EU passports**, and 19 North American or Chinese. Two of the Senior Post-Docs are from the UK, nine are EU and ten are from elsewhere in the world. Eight of the junior post-Docs are British; twelve are from the EU and 16 from the rest of the world. It would not be a world-leading faculty without international expertise.

Culham Centre for Fusion Energy: Since the 1970s, the Culham centre has hosted an experimental reactor known as the Joint European Torus (JET) that holds the global record for sustaining the longest burst of fusion. It is the **largest single research centre funded by the European Union in Britain** and dozens of its scientists come from outside the UK. Since the vote for Brexit, many at the Centre are concerned about uncertainty about future financing and freedom of movement. **Five researchers have already returned to continental Europe** with others said to be considering their positions.

Among many scenarios being discussed post Brexit; the most extreme would see the reactor dismantled with its key components shared out among remaining members of the EU. European funding runs at about €60m a year and the big unknown is whether that will continue - or at what level - once the UK leaves the EU. Currently the UK contributes about €45m a year to Europe's fusion programme – but receives £45m a year to run the JET facility plus another £7m a year to support research.

A five-year contract is in place but it only runs until 2018 so concerns are focused on what happens after that date. **The project is moving into a phase of engineering in which designs for an affordable commercial reactor are being explored.** Plans are already being developed for the first fusion power station, a project called DEMO - British officials had high hopes that Culham would land the prestigious task of designing it. Now they are less confident.

The UK is also a member of a related body called EURATOM which co-coordinates nuclear research. Europe's fusion funds are channelled via a collaborative organisation called EUROfusion. EUROfusion is resourced by the EU's Horizon 2020 programme which non-EU countries can be part of, provided they contribute funds to it. The UK's relationship with all three EU initiatives is uncertain. 1,200 people work at the centre and of these 600 are related to JET.

Regulation of Science and Technology: As an EU member, the UK is able to influence how regulations are designed and introduced. It is vital that the UK continues to have a strong voice to protect the interests of the research and innovation communities and ensure that regulatory frameworks do not limit our ability to perform world-leading research.

Influencing policy: As a full member of the EU, the UK has a place on H2020 programme committees which determine the bi-annual work programmes. The UK plays a leading role in shaping EU research programmes, not only in terms of priority areas but also in ensuring that funding is allocated on excellence

criteria rather than used as a political tool. The UK will be affected by EU policies even if it is not a member of the EU; as non-member, it will not be at the table.

In October 2016, MEP Anneliese Dodds organised the Summit for Oxfordshire to bring together representatives of science & technology and higher education sectors in the county to discuss the impact of Brexit. As a result the '[Oxfordshire Declaration](#)' was created and signed by a number of local stakeholders to affirm their commitment to keeping Oxfordshire open to science and scientists, and to maintaining Oxfordshire's place as a leading high-tech cluster, with a broad and growing diversity of established and emerging STEM (science, technology, engineering and maths) industry sectors. A series of pledges were made to support this declaration.

1.3.4: Visitor Economy Oxford's tourism sector accounts for almost **12.8% of local employment**, supported by 6.6M annual trips and spend of £625m per annum. **Overseas visitor spending is more than double that of domestic visitors.** Given this importance, there is significant interest in what Brexit may mean for Tourism longer term. As it stands, there is uncertainty, and there are several anecdotal points that the sector have expressed;

- Domestic Tourism – As it is now more expensive for UK residents to go overseas it makes domestic holidays more appealing
- Inbound Tourism – Due to the strength of the pound (or lack of it) against the euro and dollar we are now 'cheaper' to visit in destination terms which should see an upturn in the inbound market
- Welcome – there is a concern that post Brexit the UK is not welcoming, particularly amongst the near European markets which have significant value.
- Attracting enough service sector and hospitality staff to meet the city's demands if freedom of movement ends.

1.3.5: General business community response Below are some of groups of responses highlighted in the **Bank of England Agent's** conversations with local companies in the Oxford and Midlands area in the period to November 2016;

- Business as usual for now
- Some fear they face cliff edge in terms of market access and supplier arrangements
- The regulatory piece is of concern
- Concerns over supply chain complexity with individual negotiations for different markets
- Uncertainty regarding sourcing migrant labour
- Talk of automation due to potential labour shortages
- More indigenous hiring and training where possible
- Talk about relocation to access markets
- Businesses talk of needing a plan A and plan B due to the uncertainty.

BDO's Thames Valley Business Barometer conducted a survey of 130 business leaders across the region during October 2016. Table C revealed their matters of concern post EU referendum:

Table C: BDO Survey on concerns post referendum on EU Membership

	Of 130 responses	Percentage
The need for clarity about the rules of trading with EU countries	76 / 130	58%
The importance of (government) investing in local infrastructure	67 / 130	52%
The impact of businesses you work with cancelling or delaying projects	62 / 130	48%
The impact of changes to exchange rates	57 / 130	44%
The impact on your ability to recruit and retain the best talent	41 / 130	32%
None	2 / 130	2%

Opportunities identified:

- The fall in the value of the pound leading to a boost for exporters, tourism and for inward investment - especially from non EU countries.
- The ability to agree our own trade deals with countries outside the EU
- The ability to set our own rules and make the UK more attractive for business.

Other concerns mentioned:

- Do it quickly
- Ensure clarity of the process and a clear timetable
- Ensure clarity over EU national's rights to remain in the UK and work here
- The right of EU citizens to remain in the UK
- Maintain access to the single market / free trade with the EU – No tariffs or duties
- More than half of people would prefer a soft Brexit
- Get on with infrastructure improvements such as the 3rd runway at Heathrow
- 39% of businesses expect to or have had to make changes as a result of BREXIT.

Q 1.4 Are there likely to be any significant impacts on major companies in your local area as a consequence of exiting the EU? What are the opportunities and/or risks associated with these?

The impacts on two specific employers are considered below, **University of Oxford and BMW Mini**.

1.4.1: University of Oxford External research grants and contracts are the University's largest source of income and exceed £500m per annum. In 2014-15, **12% of its research funding came from Europe, providing an income of £67m. 17% of staff and 15% of its students come from the EU**. According to Professor Richardson, Oxford's Vice Chancellor, without this funding Oxford could not have attained the No 1 Global Ranking, a position recently given to them in the *Times Higher Education (THE) World University Rankings*. The University considers EU membership to be so important, that it has appointed a **PVC for Brexit**. Below is an excerpt from the University's briefing to MPs.

*"The University of Oxford is world class. Its medical school has been rated first in the world for six consecutive years, and this year the University as a whole was placed at the top of the most prestigious world rankings. **Many factors contribute to success on that scale. Key among them is cutting-edge research, a multitude of international collaborations, and an ability to attract the best academics and students wherever they were born.** Each of those success factors has been supported by access to European networks and funds, and by freedom of movement within the EU; each of them will be disrupted by Britain leaving the European Union."*

Loss of research funding, collaboration and free-movement of researchers: During the last Framework Programme (2007-13) there was a large, net inflow of money from the EU into the UK: the UK received €3.4bn more in funding than it contributed. In cash terms for Horizon 2020 Oxford has been awarded €190m. Horizon 2020 funding is available to industry as well as academic and research institutions. Its key characteristics are below:

- To drive collaboration and create networks - Nearly half of all UK academic articles result from international collaborations and these articles have a higher impact (as measured by citations). The multi-centre EU approach delivers critical mass which may not exist in a single country, and facilitates the cross-fertilisation of ideas.
- To bring research and industry together to realise commercial opportunities
- To be highly competitive – **ERC grants** in particular (part of Horizon 2020) boost the standing of Oxford's science, creating areas of excellence and attracting the world's best researchers. During Framework Programme 7 Oxford was awarded 121 ERC grants, the highest in the UK.

LGA Call for Evidence: The Impact of EU Exit on Places

- To develop infrastructure - There is a focus on developing new, world-class infrastructure and integrating infrastructure to maximum effect, e.g. Oxon's two pan-European research facilities
- To be multi-disciplinary - Horizon 2020 promotes collaborations across academic boundaries, in areas which are seen as the most fruitful for ground-breaking research.
- To build careers - Between 2007 and 2013, 3,454 UK-based researchers received EU funding to work overseas and 8,120 overseas researchers came to the UK.

The University will continue to pursue non EU research opportunities as it has up to this point. **Yet, the success of EU collaborations means that the University will seek continuing access to Horizon 2020 and, beyond that, to future European research programmes.**

The current system in Horizon 2020 allows full membership, associate membership and third country. Third countries take part self-paid. Associates can take part as funded participants and can host projects. **The Swiss took the associate route successfully from 2004-14, until they voted against free movement.** At this point, the EU responded by removing their Associated Country status. In 2013, the country took part in 745 EU research programmes. By 2015 that figure had dropped to 307 – **a reduction of nearly 60%.**

In terms of re-creating such a regime or future options, the University of Oxford has stated the following regarding ideal conditions for the UK to participate in European research programmes.

- **Strategy-setting** is important. Significant projects require a consistent, strategic focus, sometimes over decades. The UK, and Oxford, have helped set that strategy
- **Hosting ERC projects** is vital. 'Nodes of excellence' turn research centres into world beaters, and many of the real benefits of research – for example, inward investment – flow disproportionately.
- **Movement of academics and researchers is essential**, but it does not imply signing up to a broader, EU-wide principle of free movement. No status exists for non-EU countries which meets all these criteria. For Oxford, a renegotiated relationship between the UK and the EU that results in **anything short of some form of Associated Country status will be extremely detrimental** – and even that status will remove the important right of the UK to help determine EU strategy.

International Students and Researchers: At Oxford almost one in seven of their students come from other EU countries (**3,422 out of a student body of 22,602**). Bringing EU research students into the visa regime that governs other overseas students will be a disincentive to their choosing UK over other EU universities; and will have a dramatic effect on the volume of visa related administration in the University.

At the moment, students from the EU pay the same fees as 'home' students. It has been suggested that a positive outcome of a UK withdrawal from the EU will be the charging of international student fees to EU students, thus giving UK Universities a huge boost in fee income. However, those who deal with student recruitment believe that, in reality, there will be a **drop in numbers** from the EU as students chose to study in mainland Europe. The result might well be a **drop in fee income** and loss of a pool of the best students. There is strong feeling that if EU fees are raised to the level of overseas students there will be a knock-on effect as **UK student courses become more unaffordable** (especially compared to other EU providers). Higher fees would disproportionately affect and deter those from less socioeconomically advantaged backgrounds.

Erasmus Programme: Over 200,000 UK students and 20,000 UK university staff have spent time abroad through the Erasmus exchange programme. A recent report found that graduates who have studied, worked or volunteered abroad are more likely to have a job six months after graduating, and on average, are earning slightly more than other graduates: *Gone International: mobile students and their outcomes – Report on the 2012/13 graduating cohort*, UK HE International Unit. The impact on this programme is also uncertain for the UK.

The University of Oxford have stated that **Freedom of movement for EU researchers and students should continue** to be allowed and even encouraged, without the requirement for visas, or with a simplified visa system if one is deemed necessary. An EU-wide 'Research Passport' to ensure free movement in both directions would facilitate and safeguard future collaborations. In addition, students and research staff from the EU (and overseas) should also not be part of any immigration quotas imposed by the government.

1.4.2: BMW Mini BMW Mini is a major part of the UK vehicle manufacturing success story that has seen a turnaround in the fortunes of UK Vehicles production and exporting. Three plants across the UK have a part to play in MINI production - Plant Swindon where body panels and some assemblies are made, Plant Hams Hall which produces petrol engines and Plant Oxford, the heart of MINI, where all the parts are brought together and where the finished car rolls off the production line. There are 4,500 associates currently employed at Plant Oxford. Plant Swindon and Hams Hall plant together have around 1,600 employees. Between 2012 and 2015 BMW Group invested a further £750 million in its Oxford, Swindon and Hams Hall plants taking investment in UK production to £1.75 billion since 2000. There are approximately 4,000 different parts supplied to Plant Oxford for the production of the MINI.

A hard Brexit deal could threaten the jobs of 4,500 people including staff from 20 European countries. Primary concerns relate to trading tariffs when shipping to Europe, freedom of movement for workers in short supply locally, and security of residence for EU national staff, as well as keeping common standards for components. BMW have gone on record in the press. Stating, "BMW Group is committed to the UK, its fourth biggest market and home to two of its brands, and respects the British electorate's decision to leave the EU. Given the current political uncertainty regarding next steps, all we can say regarding our own activities in Britain is that we continue to operate 'business as usual. Until we receive answers to the many open questions regarding the UK's future trade relations with the EU and other countries, we cannot speculate about any possible impact Britain's decision to leave the EU may eventually have on our UK operations."

BMW will have to make crucial decisions on investment in new production models by 2018.

1.4.3: Unipart Unipart Group is a multinational logistics, supply chain, manufacturing and consultancy with almost 1,000 employees based at their Oxford Headquarters. Unipart have 6,700 employees worldwide, customers and partners in all EU member countries, and operations in the Netherlands and Spain. Unipart have articulated three key concerns related to the uncertainty resulting from the EU referendum:

- Complexity of operations – Unipart's supply chains involve parts and services sourced from numerous countries. For example, a fuel rail part for export to China is part of a more complex engine with other parts manufactured in several different European nations. There is a concern that there will be a heightened regulatory burden involved in working within the single market and customs union, complicating Unipart's goal of interacting efficiently with multiple complex supply chains across the EU.
- Freedom of movement for existing staff – Unipart deploys teams of staff to different EU countries for anything from a few months to several years. These staff to help deliver specific investments, consultancy, or manage supply chain requirements. It is currently much easier to move staff within Europe than it is in the US for example. Unipart hope the complexity of deploying staff in the US is not replicated in Europe post Brexit. If it is, it will hamper their ability to utilise available talent efficiently.
- Uncertainty for capital investments and employees – Unipart have been aware of delays in significant capital investments in their customer base, as have their partners and suppliers. This is a common corporate response to the current uncertainty over Brexit, which will impact on the wider economy. Finally, Unipart places great value in creating the right culture for its workforce - 'Unipart people' collectively delivering the 'Unipart Way'. The uncertainty created for foreign nationals working in the company is potentially damaging, not least for the individuals affected. There are also concerns that uncertainty over the immigration status of EU nationals has the potential to create divisions within the workforce if it is not clarified soon.

Q 1.5 Are there any particular opportunities and/or risks in your local area from possible changes to the laws governing state aid?

EU State aid rules do not prevent support to specific sectors; however they do stop it being provided on a selective basis to specific companies when other firms in that sector do not have such access. If new forms of state aid outside of EU rules are to be devised, then local government must be involved in taking those decisions and they must not be left solely to national government. In future governments may have to rely increasingly on state aid to retain companies of strategic and vital importance to local economies, to mitigate the worst impacts of a hard Brexit.

Section 2: Local public services

Q 2.1 Are there particular local public services in your area that are likely to be significantly affected as a consequence of exiting the EU? What are the opportunities and/or risks associated with these changes? (Workforce, demand, recruitment)

[2.1.1: Oxford University Hospitals NHS Trust](#) The NHS Trust has articulated 3 major concerns:

Recruitment & Retention: The impact that Brexit will have on the NHS workforce is so far uncertain. There may be opportunities to focus more attention on increasing and training our domestic workforce as part of a long term strategy. However, at the present time, some 135,000 people from EU countries outside the UK work in health and social care across the country. OUH have been highly successful in attracting, recruiting and retaining trained clinicians from other EU countries, including Spain, Portugal, Italy and Poland. This cohort of employees represents **14% of the nursing and midwifery workforce and 5% of the total workforce**, more than twice the national average in some health occupations.

OUH stated, *“they are highly skilled and valued members of our teams and **without them we would find it extremely difficult to maintain our required levels of staffing**. Since the outcome of the Referendum, many EU employees have expressed concern with respect to their longer-term prospects and continued employment within the UK. Local reassurance has been forthcoming and will continue, but prompt action at a national level is required. This anxiety is evident in the reduced numbers of prospective employees applying for positions.”*

Translational research: Many of the research areas highlighted elsewhere in this paper directly translate into healthcare through the Trust as a teaching hospital. The relationship between university research, privately funded research and healthcare delivery is symbiotic. It is likely that if the threat to science is research funds, infrastructure and collaboration is realised, **healthcare quality and outcomes will suffer**.

Funding and Monetary impacts: There also concern that any negative economic outcomes might result additional funding pressures. In addition Officials are concerned by direct and significant cost pressures resulting from the fall in value of the pound. Many of the Trust’s specialist supplies and equipment come from outside of the UK.

[2.2.2: Funding for local Government services](#) The LGA will be well aware that as local government adjusts to cuts and adapts in order to be able to provide vital public services, any negative economic growth scenarios as a result of BREXIT will **impact on both trading revenue and locally raised taxes**, ultimately reducing funds to maintain service levels.

There is the **opportunity for a simplification of procurement laws** but a regime that retains fair and free market opportunity will still be required, and will need to be created, which is a significant task.

Section 3: Regional funding

Q 3.1 What are the anticipated effects of shifting away from the existing EU regional aid regime (i.e. European Regional Development Fund (ERDF) and European Social Fund (ESF)) for your local area?

European Structural Investment Funds (ERDF and ESF) are historically relatively modest in Oxfordshire. Its total under this programme to 2020 is €19.3m - dwarfed by larger or less prosperous

regions with a higher allocation. Nevertheless, it is a key source of niche funds for social inclusion, employability, sector based training, business support, innovation and low carbon economy. At a time of more limited national funding sources, it is difficult to imagine these being replaced with other funds at a national level. The funding is extremely valuable in filling gaps for local economic development activity, ones that cannot be funded locally, only nationally or EU wide. Oxford City Council has been able to use ESF and ERDF funds in innovative ways, for example, to **leverage almost £18m of private investment in renewable energy projects**. Another ESF funded project helped 230 benefit claimants to find work, increase their hours, or improve their earnings, leading to a combined increase in savings and earnings of £728,000 against a fund of £198,000.

Further impact on place may be felt if access to the **European Investment Bank (EIB)** is lost. The European Investment Bank (EIB) provides large scale, long-term lending of a scale far larger than regional aid. In 2015, the EIB agreed to provide £200 million for Oxford University's programme of improvement and expansion of research and teaching facilities. At the time, this represented the largest ever single loan for university investment by Europe's long-term lending institution. The United Kingdom is the largest beneficiary of EIB university lending and in the last 5 years - attracting £1.45 billion for investment in twenty universities. Last year the EIB provided a record £6 billion long-term investment in infrastructure across the UK including support for hospitals, water and sewerage infrastructure, renewable energy and energy transmission and private sector investment. Alternative funding sources for such long-term investment would need to be sought in future, possibly making long-term investments more challenging.

Common Agricultural Policy Funds: Oxford's sub region has a very significant agricultural sector and in 2014 over £8m was paid directly to farmers based close to Oxford. OX postcodes accounted for payments of £51m according to DEFRA's website. In many cases, these funds will be vital to farms. Replacement funding regimes need to be considered carefully to ensure the commercial sustainability of farming businesses, alongside managing the environmental impacts of farming.

Q 3.2 What are the opportunities and/or risks for your local area associated with possible successor regional aid schemes?

If alternative national funds were made available, a simplification of the application, administrative and monitoring regime would be welcome. However, the fear is that successor regional aid schemes will miss out on Oxfordshire, meaning pockets of need in an otherwise affluent area will be missed, further exacerbating local inequalities.