NO-DEAL BREXIT AND THE VOLUNTARY SECTOR

PREPARING FOR CHANGE – IMPLICATIONS AND ACTIONS FOR CHARITIES

Ben Westerman

September 2019

CHAMPIONING VOLUNTARY ACTION

Contents

Introduction 3
What is a no-deal Brexit? 4
What happens immediately 4
What a no-deal Brexit means for individuals 5
EU nationals in the UK 5
UK nationals in the EU 5
Household costs, imports, medication 6
What a no-deal Brexit means for charities 7
Economic impact 7
EU funding 8
Employing EU nationals 10
Volunteering 12
State aid 13
Product, environmental and data standards 13
Political fallout from a no-deal Brexit 15
Further reading 16
No-deal – key dates 18
Appendix: Why a healthy economy matters for charities 19

Introduction

After a turbulent period for the UK parliament, there is still a great deal of uncertainty around Brexit and the manner of the UK's departure from the European Union (EU). While there is still little certainty around what kind of Brexit we will get and what Brexit will mean for the UK, planning for it is essential. It is vital that all organisations undertake contingency planning now to ensure resilience during times of uncertainty.

Since Boris Johnson's appointment as prime minister, the possibility of a 'no-deal' or 'WTO' Brexit has been reported as the 'assumed' government position, and many experts agree that it is now the 'most likely' outcome. In recent days, the Government has launched a public information campaign entitled 'Get ready for Brexit'. Parliament remains opposed to a no-deal Brexit and has passed legislation designed to prevent this scenario on 31 October. However, not only is there very little time left for MPs to block such an outcome completely, particularly while parliament remains prorogued, but it may not even be possible for them to rule it out conclusively.

For charities, this means that preparing for change is crucial. Putting in place plans that are sufficiently flexible for a number of scenarios needs to be at the top of any list of trustee priorities.

NCVO has been clear about the dangers a no-deal Brexit poses to charities and their work. It is therefore all the more important that we think now about what we can do to reduce the possible impact of these dangers. Charities should map out the areas where they may be exposed to change in the event of a no-deal Brexit. Following our factsheet of October 2018, this guide will set out the main implications of a no-deal Brexit for charities and consider areas where practical steps can be taken to reduce negative consequences.

What is a no-deal Brexit?

A no-deal or WTO Brexit means the UK leaves the EU at 23.00 on Brexit day with no agreement in place as to any future relationship.

What happens immediately

- The UK leaves the single market and customs union overnight.
- The arrangements designed to help trade between EU members would be eliminated, and the UK's membership of institutions such as the European Court of Justice and Europol would end immediately.
- The UK would immediately end payments into the EU budget, currently around £9bn a year.

As there would be no time to create a UK-EU trade deal, trade will revert to terms set by the World Trade Organisation (WTO):

- Tariffs (taxes on imports) will apply to most goods UK organisations send to the EU, while importing goods from the EU could get more expensive.
- After a no-deal Brexit, UK businesses may have to pay extra duties or taxes on imported goods. The government has pledged that 87% of imports by value would be eligible for zero-tariff access (most tariffs are applied by the country importing).
- Many goods would have to undergo border checks, causing disruption to supply chains.
- The UK's strong financial services industry would lose its guaranteed access to the EU single market, with potentially negative implications for the economy.

It remains unclear what would happen to the Irish border under a no-deal Brexit. Many fear the return of what's known as a 'hard border' on the island, with checkpoints that currently aren't necessary.

What a no-deal Brexit means for individuals

Individuals could be affected by a no-deal Brexit in a number of ways. Much depends on how the EU responds in areas where the UK has already declared its intention to uphold existing arrangements. There are a number of areas where we may see significant upheaval.

EU nationals in the UK

There are around 3.7 million EU citizens living in the UK.

What we know already

- The government has already agreed with the EU, Lichtenstein, Switzerland, Norway and Iceland to protect the rights of EU citizens and their family members already living in the UK.
- Those already resident in the UK must apply to the EU settlement scheme before 31 December 2020 in a no-deal scenario.

The government has created a tool to assist those with any questions. No Brexit scenario should affect the rights of EU citizens already living in the UK. However, if we leave without a deal, there would be no agreed implementation period, so this guarantee would apply only to EU citizens resident in the UK before exit day.

Areas of uncertainty

Research from the Public Law Project into current legislation suggests there is a lack of statutory protections for EU nationals. Many of the protections and the access to services they currently get are contained within secondary legislation which is easily amended by the government.

The government's current position is that EU citizens will 'be able to continue to access in country benefits and services on broadly the same terms as now'. It remains unclear what 'broadly the same' means, but the prime minister has promised to enshrine existing rights in law in order to provide certainty to EU citizens already resident in the UK.

UK nationals in the EU

Around 1.7 million British nationals live in the EU.

What we know already

- The UK has requested that the governments of EU member states echo its own promise to uphold the rights of those already living abroad, ensuring access to employment, healthcare, benefits and public services.
- The government has also dedicated £138m to consular support for UK citizens living in the EU and has published country-by-country advice for British citizens.
- Information on seeking healthcare abroad is available via the NHS.
- The government will continue to pay child benefits, state pension contributions and disability benefits to those living in the EU.

Areas of uncertainty

Rights granted to UK citizens living in EU countries are the responsibility of the government of each individual country. Those affected should check with the relevant national authorities when seeking further information.

Household costs, imports, medication

28% of the food consumed in the UK comes from the EU. A no-deal Brexit risks a rise in food prices according to many retailers. This is due to:

- consumer panic-buying causing some retailers to suffer food shortages
- increased import taxes under WTO rules, with the cost passed on to consumers
- transport delays as a result of more stringent border checks
- a fall in the value of the pound.

In a no-deal scenario, UK organisations may have to pay duties and taxes on goods imported from the EU. This could affect organisations or individuals purchasing goods.

Furthermore, pharmacists have warned that there may be shortages of common medicines such as painkillers in a no-deal scenario. Around three quarters of the medicines and most of the clinical products used in the UK come from or via the EU. However, reduced traffic flow between Calais, and Dover or Folkestone could affect the ability of UK organisations to access medical supplies as quickly as they currently do.

Border checks on medicines would be required, further slowing down access to medical supplies. For example, Switzerland, a non-EU member, gains access to new medicines from the EU on average 157 days later than EU member states as a result of border checks and differing regulations. The government has committed £434m of funding to ensure vital medicines are available. It has also committed to extra warehouse space and building buffer stocks.

What a no-deal Brexit means for charities

Economic impact

What has happened since the referendum

The performance of the UK economy since the Brexit vote has been mediocre, but not disastrous. Long-term growth has slowed but not halted, and employment growth has continued on its pre-referendum track. In the second quarter of 2019 however, as the threat of a no-deal exit grew, the economy shrank 0.2%, its worst performance since 2012.

What this might mean

The economy's current performance could be a prediction of the risk of a no-deal Brexit, as investment falls and the value of the pound decreases. This could have dire consequences for the economy and the environment in which voluntary organisations carry out their work.

Charities rely on a buoyant economy to operate successfully. Times of increased need put a strain on already limited resources. Whether it relates to income streams, or government funding, economic health directly affects our work.

According to recent research from the Office for Budget Responsibility (OBR), a no-deal Brexit could bring about a recession. It claims this could result in:

- the economy shrinking by 2%
- unemployment rising above 5%
- house prices falling by around 10%.

The OBR predicts a year-long downturn which would increase borrowing by £30bn a year. It estimates that this recession would be as bad as that suffered in the 1990s and a third as bad as that caused by the financial crisis in the late 2000s. This could mean rising inflation, lower wages and a higher cost of living. It also predicts an immediate fall in the value of Sterling by 10%, which would increase the cost of imported goods and services. It would also further reduce the purchasing power of charities operating abroad.

The OBR's assessment is based on one of two scenarios forecast by the International Monetary Fund (IMF) this year. These were only some of a range of estimates: the Bank of England's worst case scenario analysis from November 2018 estimated an 8% decline in the economy and a recession worse than that of 2008.

Why it matters for voluntary organisations

In times of economic difficulty, need increases, and the work of voluntary organisations becomes all the more important. Voluntary organisations must remain financially robust in order to cope with the needs of beneficiaries and support the communities we work in. A decline in the pound, increased inflation, rising prices and supply chain disruption could all have direct and indirect impacts on the work carried out by charities.

It is important to consider some of the actions suggested in our checklist below. See also our useful resources, and our appendix on the relationship between charities and economic health.

Actions and considerations

- Identify any costs to your organisation for short-term continuity in your operations and how you would seek to fund these, if necessary.
- Identify how long it would take to put in place measures to make your organisation resilient against a no-deal Brexit, economic contraction and increased need.
- Consider the impact a devalued pound might have on your operations, contracts and supplies.
- Review the contracts and relationships that are integral to your organisation's work, and identify whether these might be affected by a no-deal Brexit.
- Draw up a budget plan for the coming years based on best- and worst-case scenarios.
- Identify any goods you or your suppliers source from the EU on a just-in-time basis (ie food).
- Consider where disruption to, or slowing of, supply chains might affect your operations, such as access to food or medicine.

EU funding

What a no-deal Brexit means for EU funding

Leaving the EU without a deal could have serious long-term implications for charity funding in the UK as we would leave EU institutions overnight.

The government announced in July 2018 that it would underwrite the cost of all EU-funded projects covered by the 2014–2020 multiannual financial framework in any scenario. The Department for Work and Pensions, the devolved administrations and the government of Gibraltar will continue to approve European social fund (ESF) projects after Brexit until programme closure. Successful bids until the end of 2020 will be honoured for their entire project life. What happens after this remains unclear.

Charities should continue to apply for and deliver EU-funded projects until exit day under current arrangements regardless of any Brexit scenario. ESF managing authorities will continue their current roles, while existing audit, monitoring and evaluation processes will remain in place.

What happens after EU funding stops

After 2020, the picture remains unclear. At the 2017 general election, the Conservative party manifesto promised a UK shared prosperity fund (UKSPF) to 'reduce inequalities between communities' and replace EU funding with a newly devised, improved funding model. Over two years later, we are yet to see this policy go out to consultation.

NCVO has recently demanded action from the new prime minister on the UKSPF, and he has committed to bringing forward plans as part of an ambitious range of spending promises made during his leadership campaign. It is important that voluntary organisations are proactive in responding to any UKSPF consultation, pushing for a well-designed fund that allocates resources based on social benefits, and puts charities and local expertise at the heart of decision making.

The voice of voluntary organisations needs to be heeded in the design of this fund. If it is not sufficiently well resourced, or if it attempts to roll too many areas of concern into one fund, the loss of EU funding (estimated to be at least £258m per annum) could have devastating effects for charities and voluntary organisations.

The guarantees we have

- The full 2014–2020 multiannual financial framework (MFF) allocation for European structural and investment funds (ESIF), and European regional development funds (ERDF). New bids will be guaranteed until the MFF ends.
- The payment of awards where UK organisations successfully bid directly to the European Commission (through projects such as Horizon 2020) on a competitive basis until the end of 2020.
- The payment of awards under successful bids where UK organisations are able to participate as a third country in competitive grant programmes from exit day until the end of the programme. For example, it does not apply to bids under the small and medium-sized enterprise (SME) instrument in Horizon 2020, where an SME is either awarded a grant after Brexit day or applies for one after Brexit day.

Actions and considerations

- Establish whether you receive or have benefitted from EU funding directly or through partnerships – and how much.
- Continue to apply for EU-funded projects.
- Establish what a no-deal Brexit means for your current or future bids for EU funding.
- Look out for the UK government's shared prosperity fund consultation.
- Consider what improvements can be made to the delivery of UK charity funding.
- Work with umbrella bodies such as NCVO or directly with the government consultation to ensure a well-designed UKSPF with the voice of charities at its core.
- Establish whether a loss in funding after 2020 may create gaps in your income stream and think about how you may be able to mitigate this.

Employing EU nationals

Currently, freedom of movement guarantees EU citizens the right to live in the UK, receiving the same legal treatment and access to services as British nationals. However, Brexit has created an air of uncertainty around the future of EU citizens in the UK.

What has already been agreed

- The government has repeatedly affirmed its commitment to uphold the rights of individuals already living in the UK even after freedom of movement comes to an end under any Brexit scenario.
- The EU settlement scheme will grant EU nationals indefinite leave to remain in the UK with the same rights they currently enjoy.
- EU nationals who have lived and worked in the UK for five years by December 2020 will qualify for 'settled status', a right which extends to family members (spouses, civil and unmarried partners, dependent children and grandchildren, and dependent parents and grandparents).
- Those who have spent less than five years in the UK are eligible for 'pre-settled status' which will upgrade automatically at the five year mark.
- The deadline for application in a no-deal scenario is 31 December 2020, and requires proof of identity, a recent photograph and a declaration of any criminal convictions.
- The Ireland-UK common travel agreements in the 1949 Ireland Act ensure that Irish citizens need not apply for any special status.

Implications for the charity workforce

Research from the Institute of Public Policy Research (IPPR) has highlighted the impact that Brexit could have on the charity workforce.

- Under current Tier 2 rules for non-EU nationals which will apply to EU nationals under current proposals, over 80% of EU nationals currently working in charities would be ineligible to work in the UK.
- Although the 2019 Civil Society Almanac tells us that EU nationals make up only 4% of voluntary sector staff, the numbers are concentrated in particular areas such as social and residential care jobs. 87% of EU nationals currently employed in these areas will become ineligible under new proposals.
- Half of the charities surveyed by the Charity Finance Group thought that it would be even more difficult to recruit for hard-to-fill vacancies after the end of free movement, while 62% had no experience of using the visa system for recruiting non-EU nationals. Even more stated that they were unable to increase wages or invest in training for local recruitment.

The latest immigration proposals

The Migration Advisory Committee (MAC) has suggested that the cap on low-skilled migrants in the UK should be significantly reduced with a new 'skills-selective approach'. However, the government's immigration white paper proposes raising the cap on high-skilled migration.

A rise in high-skilled migration would be offset by one-year temporary visas not limited to specific employers designed for low-skilled employees. This constitutes a plan to rely heavily on short-term migration, with employers choosing from a pool of newly-arriving workers to fill low-paid positions. The proposals may cause problems for charities who currently rely heavily on EU nationals.

Furthermore, the unclear skill status of research workers and students may have knock-on consequences for medical charities who rely on the UK's ability to attract world-class researchers.

The prime minister has announced a new fast-track system to allow the UK to attract high-skilled workers in science, engineering and technology by abolishing the cap for Tier 1 'exceptional talent' visas. He has also announced plans to remove the need for immigrants to have an offer of employment before they can arrive in the country. Dependents will be given full access to the labour market and the pool of UK research institutes and universities able to endorse candidates will be expanded. The new visa, which offers an accelerated path to settlement through automatic endorsement for those who qualify, will apply to high-skilled workers and will be launched later in 2019.

Actions and considerations

- First of all, remember this may be an emotional and personally difficult time for many of your staff.
- Assess whether you need to increase your training and/or HR budget to recruit locally.
- Familiarise yourself with the EU settlement scheme.
- Be aware that in a no-deal scenario, EU citizens will have until 31 December 2020 to apply for settled status under the scheme.
- Consider whether you may need to fill any skills gaps either as a result of EU staff choosing to leave the UK or as a result of reduced supply of EU workers after Brexit.
- Undertake a staff audit to identify any EU, EEA and/or Swiss nationals who may be affected.
- Proactively engage with the relevant employees on Home Office settled status guidance.
- If you employ a high number of non-British citizens, familiarise yourself with new immigration proposals and keep an eye on the prime minister's immigration plans.
- Identify whether you are at risk of skills shortages and evaluate the cost of retraining new staff to replace or fill staffing gaps.
- Draw up a communications plan to share with employees to discuss updates to Home Office guidance and the application procedure.
- Take steps to support EU staff to gain residency.

Volunteering

The current situation

UK citizens are currently able to participate in EU-funded volunteering programmes and many UK charities work with EU volunteers. UK citizens are eligible to take part in several schemes through the European Voluntary Service. These include:

- 12-month full-time volunteering placements funded by the Erasmus+ programme (worth €14.7bn).
- the European Solidary Corps (ESC), which provides voluntary placements for young people throughout the EU and EEA. Between 2018 and 2020, the ESC has been allocated €433.5bn.
- the EU Aid Volunteers programme to which a further €147.9bn has been allocated between 2015 and 2020.

Will this change after Brexit?

The UK's ability to participate in these programmes after a no-deal Brexit remains unclear. There is currently no guarantee that membership of these organisations will remain open to British citizens and organisations.

The EU has announced its intention to incorporate some programmes – including Creative Europe, Europe for Citizens, and the Rights, Equality and Citizenship programmes – into a single 'EU values fund'. It is widely expected that the UK will not wish to participate fully in this new programme.

What remains uncertain for volunteering in the UK

A great deal of uncertainty remains for EU citizens volunteering in the UK in a no-deal scenario. The automatic right of EEA citizens to travel, live and volunteer in the UK will cease to exist. It is impossible to know the impact this will have on UK-based charities as we do not know how many EU citizens currently volunteer in the UK,

Unless there is a change to the visa regime, the process that non-EEA citizens go through to obtain visas will apply to all non-British citizens looking to enter and volunteer in the UK. This entails registering for a Tier 5 (charity) visa, signing up to a registered volunteering provider and facing restrictions on the amount of hours they can volunteer.

The rights of EU citizens who currently volunteer in the UK but are not in paid work is yet to be addressed in a no-deal scenario. If it is not addressed, there is no assurance that they will be able to remain in the UK.

What remains uncertain for volunteering in the Europe

For UK citizens volunteering abroad, much depends on the government's willingness to negotiate access to programmes for UK-based organisations and individuals. We know that Erasmus+ is likely to remain as a standalone programme, and that UK citizens will be able to participate in all projects until the end of the current multiannual financial framework in 2020. Building European connections outside of EU structures will be important for charities working with EU-based volunteers in the future.

UK nationals who volunteer abroad but are not in paid work must speak to the authorities of their country of residence for further information on their rights in a no-deal scenario.

State aid

State aid is support (financial or in kind) from government (central, regional or local) that gives an organisation a benefit in the single market that could not be obtained during the normal course of business. State aid rules apply to grants, loan or any funding given to charities. To ensure open and fair competition, the extent of state aid that a government can give an organisation is governed by a legal framework set out in the Treaty of the Functioning of the European Union. This also prevents subsidies causing unfair distortions in the single market.

In the event of a no-deal Brexit, EU state aid rules will be transposed into UK domestic legislation. The government will create a UK-wide subsidy control framework to ensure the continuing control of anti-competitive subsidies. The Competition and Markets Authority will also take on the role of enforcement and supervision.

Product, environmental and data standards

Preparations have been taking place across government to ensure that if we leave the EU without a deal, regulatory continuity on product standards will be ensured.

What has been done to make sure product standards are upheld

- The new legislative framework has introduced, for certain legislation, a UK regulatory mark that will be affixed to products or their packaging.
- The role of this UK conformity assessed (UKCA) mark will be to support authorities and provide clarity to manufacturers placing products on the market in the UK post-Brexit.
- The EU concept of 'harmonised standards' will be transferred into UK law, now termed ‘designated standards’.
- From exit day, the relevant secretary of state will cite these designated standards to provide assurances that UK product standards will be upheld as they are in the EU.
- The statutory instrument enabling the creation of this new legislative framework was formally adopted in the House of Commons on 20 March and will come into law on Brexit day in the case of no deal.

What has been done to make sure environmental standards are upheld

- EU environmental law accounts for around 80% of UK domestic law on the environment. This covers air quality, waste and resources, water, wildlife and habitats, chemicals, and pesticides.
- The EU Withdrawal Act 2018 will ensure all existing EU environmental law continues to operate within UK law, with enforcement powers transferred to domestic institutions.
- The government has pledged to establish a new, independent body to ensure accountability for environmental issues. However, we do not currently know any further details, nor is there clarity over interim measures which may be necessary to ensure that standards are maintained (and penalised when they are not) following a no-deal Brexit.

What has been done to make sure data protection standards are upheld

The government has enshrined GDPR in UK law in any Brexit scenario. In the event of a no-deal Brexit, the government has pledged that transfers of data from the UK to the EEA will continue unrestricted. However, it is not clear whether data transfers from the EEA to the UK will have the same status. This may affect organisations whose servers are EU-based, or who use EU-based organisations for HR and payroll services.

See our checklist below for recommended actions organisations can take to avoid complications on data transfers.

Actions and considerations

- Consider whether you process, hold or receive data from the EU or EU-based servers (Guidance from the Information Commissioner Office (ICO) has further information on how/where you process data)
- Engage with ICO guidance (see further reading) on inserting standard contractual clauses (SCCs) into pre-existing relevant contracts, eg model data protection clauses which have been approved by the EU Commission.
- If your organisation has an auditor, ensure that they are recognised in the UK as well as the EU.
- If you work across borders, consider whether you need to establish an operation in the EU or a bank account in the EEA.
- Ensure that the financial services provided to you – banking and insurance – are registered in the UK.
- Consider whether your payroll and HR services may be affected by limitations on EU-UK data transfers.
- If you bring products to the UK market, familiarise yourself with the new UK conformity assessment rules (see above). Liability for this lies with the manufacturer of the product.
- Act now to make sure that you can legally process personal data from the EU or EEA after Brexit. This could include a donor or volunteer's name, addresses or HR data such as staff information and payroll details. See government guidance on steps you may need to take.

Political fallout from a no-deal Brexit

Much of the above suggests that the impact of a no-deal Brexit will be more significant in the long- rather than the short-term. However, it is vital that organisations are making contingency plans now.

The political fallout of a no-deal Brexit is likely to be significant, with large swathes of parliament implacably opposed to this scenario. The prime minister has recently committed to a series of domestic policy announcements, but with the stalemate in parliament ongoing and so much parliamentary and civil service time required for Brexit, it may be difficult to break the current stagnation in social policy. Nor do we expect government to be able to assist more than it has already in organisational preparedness. Charities must carry out this work themselves – collaboration and dialogue between organisations is more important than ever.

Regardless of the manner of our departure from the EU, Brexit and its implications will continue to dominate political discussion for the foreseeable future. The possibility of a general election could have implications for the civil service's ability to carry out no-deal preparations, further contributing to this political uncertainty. Charities should be thinking now about what activity they might plan during a general election campaign and which issues they would like to see on the agenda.

Actions and considerations

- Take stock of any preparation you have already undertaken and decide whether or not this would need to change in a no-deal scenario.
- Identify any regulatory areas outlined in this paper that may affect your organisation.
- Consider whether you would need support and resources from organisations such as NCVO in order to achieve continuity in a no-deal scenario.
- Monitor the new government's plans that may affect your work during and after a no-deal Brexit, such as contingency planning, immigration plans and the UK Shared Prosperity Fund.
- Consider governance training for your trustees and senior management to cover scenario planning and resilience to economic uncertainty.
- The government has confirmed that civil society organisations are eligible to bid for a grant to help organisations prepare for Brexit. You can apply here.

Further reading

- AJG International: How will Brexit change the face of the UK charity workforce?
- Avalara: Brexit survival guide
- BOND: Options for maximising UK-European civil society collaboration in a Brexit context
- British Chambers of Commerce Brexit Hub
- CBI: No-deal Brexit – what comes next?
- Charity Commission: Charities and the Economic Downturn
- Charity Finance Group: The Charity workforce in post-Brexit Britain
- Charity Finance Group: Cost benefit analysis of Brexit
- City Hall EU Londoner's Hub
- Cumberland Lodge: Living in squeezed Britain
- Erasmus+ Brexit update
- European Volunteer Centre
- EU Solidarity Corps Brexit update
- FSB: Principles of good contingency planning
- The Guardian: OBR states that a no-deal Brexit would plunge UK into a recession
- Health and Safety Executive: No deal Brexit guidance
- History and Policy: Economic Downturns and the Voluntary Sector
- House of Commons Research Briefing: UK Shared Prosperity Fund
- ICAEW: Brexit Checklist
- I-Genius: Brexit scenario planning
- Information Commissioner's Office: Data and Brexit
- Information Commissioner's Office: Six steps to take with your data
- Institute for Government: Brexit
- Institute for Government: How can Boris Johnson pay for his promises on tax and spending?
- Institute for Government: Preparing a no-deal Brexit
- Jonathan Portes: How bad would a no-deal Brexit be for the economy?
- NCVO Civil Society Almanac 2019
- NCVO: Are EU staff leaving the voluntary sector?
- NCVO: The impact of recession on charitable giving in the UK
- Office for Civil Society: Five ways civil society organisations can prepare for EU exit
- Public Law Project: EU Citizens' Rights if there's a no-deal Brexit
- UK Government Brexit public information campaign
- UK Government: How to prepare for EU Exit
- UK Government information on Tier 5 (Charity) visas
- UK Government: Update on medical products and supplies
- UK in a Changing Europe
- UK in a Changing Europe - No Deal: Impacts, Issues, Implications
- UK in a Changing Europe: The cost of no deal revisited

Government technical notices

- Accessing public sector contracts if there's a no-deal Brexit
- Environmental Standards if there's a no-deal Brexit
- European Regional and Development Funds if there's a no-deal Brexit
- European Social Fund grants if there's a no-deal Brexit
- Funding for UK Life projects if there's a no-deal Brexit
- The government's guarantee for EU-funded programmes if there's a no-deal Brexit
- Horizon 2020 Funding if there's a no-deal Brexit
- State Aid if there's no Brexit deal
- Using the UKCA mark if there's a no-deal Brexit

No-deal – key dates

In September, parliament passed legislation designed to prevent the UK leaving the EU without a deal on 31 October. While this bill has mandated Boris Johnson to seek an extension to the Brexit deadline, is does not rule out a no-deal Brexit at a later date.

19 October 2019

If parliament has not agreed to a deal by this date, the prime minister will be forced to seek an extension to the Brexit deadline.

31 October 2019

This remains the date on which the UK is currently scheduled to leave the EU. If the EU does not agree to any extension and a deal has not passed parliament, the UK will leave the EU without a deal. Downing Street says this will happen 'no ifs no buts', even if parliament votes against it again. Brussels has reportedly been told that renegotiation is unlikely, while it has stated several times itself that it is unwilling to change the deal currently on offer. While short-term disruption is likely (though much depends on UK government preparedness), the full scale of immediate impacts will be felt in the subsequent weeks and months.

31 January 2020 (or end of extension period)

Parliament has suggested this as the date to which the Brexit deadline should be extended. If an extension is granted to this date and a deal has still not passed, the UK will leave without a deal.

Immediately after a no-deal Brexit

It is possible that the chancellor could deliver a no-deal emergency budget in a bid to reduce the impact, while emergency negotiations over the Irish border and cooperation over medicines, fissile materials and security intelligence could take place with the EU.

2020-21

Plans currently in place to reduce the impact of no deal will fall away, leaving the UK economy to the full impact of WTO rules.

Appendix: Why a healthy economy matters for charities

Charity Income

At the beginning of 2010, 59% of charities surveyed by the Charity Commission reported that they were affected by the recession. During each quarter of 2011, the majority of voluntary sector leaders surveyed reported that the financial situation of their organisation had worsened over the previous 12 months.

Income from government

Lower economic growth or a recession will usually mean lower tax receipts and higher benefit spending. This eventually makes it more likely that charities' income from government will level off or fall.

- Tax receipts were £456.2bn in 2007/8. By 2009/10, they had fallen to £419.9bn (in cash terms). There was some fiscal stimulus on the tax side via a temporary reduction in VAT, but not enough to account for a fall on this scale.
- Between 2000/1 and 2007/8, income from government rose from £10.1bn to £15.7bn. Since then, this income has more or less flatlined, with income at £15.3bn in 2015/16. 32% of charities' income was from government in 2015/16.

Income from individuals

Reduced economic performance is likely to hit individual incomes in the form of higher unemployment and/or depressed wages and could affect donations. However, we saw no evidence of this happening during the financial crisis in the late 2000s or the period in which incomes were squeezed.

Income from investment foundations

A sudden economic shock could hit charities' investment income, with potentially significant consequences for their activities.

Real-term investment income fell from £4.0bn in 2007/8 to £3.6bn in 2008/9 and £2.7bn in 2009/10. By 2015/16, it had still only recovered to £3.4bn. 79% of charities' fixed assets were investments in 2015/16, while 7% of charity income came from investments.

Demands on charities

If the economy performs less well, this likely to result in higher levels of need due to the negative impact on wages, hours or employment.

Unemployment rose from 5.2% in Oct-Dec 2007 to 8.5% in Sep-Nov 2011 according to the ONS.

Average weekly earnings went up by 5.3% in 2007. In 2009, the figure was -1.2% and earnings growth remained under 2% (with the exception of 2011) until 2015.

If incomes are reduced via unemployment, public spending reductions due to reduced revenue or squeezed wages, that need can feed through to charities:

Action for Children looked at this as part of its Red Book in 2011-2013, finding that 'for the first time since the 1940s, Action for Children is providing food, clothing and other items to families on a regular basis'