Chartered Insurance Institute

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CII member economic outlook and Brexit survey
March 2018

Economic & employment prospects for 2018

Contents

Disclaimer

Authorship and acknowledgments
This report has been produced by Cebr, an independent economics and business research consultancy established in 1992. The study was led by Oliver Kolodseike, Senior Economist at Cebr with analytical and research support from Josie Dent, Cebr Economist. The views expressed herein are those of the authors only and are based upon independent research by them.

This analysis has been commissioned by the Chartered Insurance Institute (CII) and utilised a combination of membership survey data provided to us by CII, and economic data available in the public domain through the ONS, IMF and other sources.

The report does not necessarily reflect the views of the Chartered Insurance Institute.

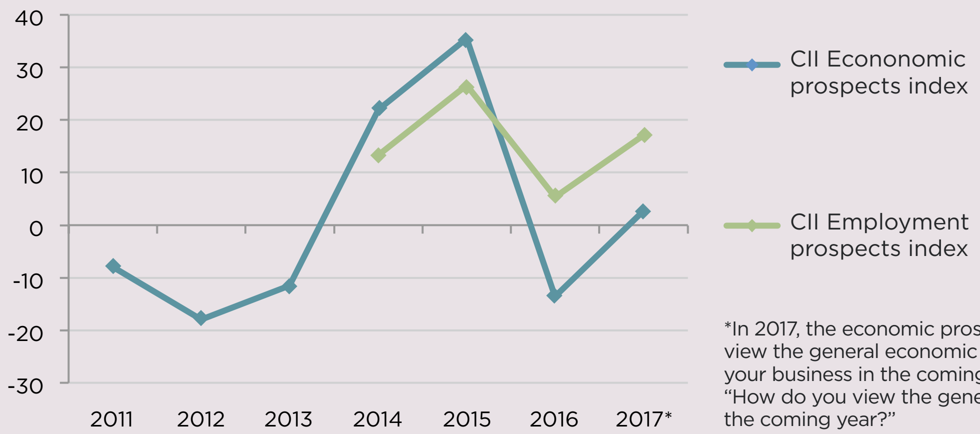
About the CII member survey
This report made use of an online survey of Chartered Insurance Institute members, conducted in November 2017. Returns were received from 3881 respondents. Although the survey spanned the CII's global membership in over 150 countries and covered a wide range of issues, this report focuses on just UK-based respondents' views of the UK's economic and business prospects.

London, January 2018

Executive Summary

- This edition of the CII Member Survey shows that there has been a **notable improvement in economic and employment confidence in 2017** among CII members compared to 2016, when the outlook was darkened by the UK's vote to leave the EU.
- **33% of survey respondents expect economic and business prospects to improve** in the 2017 survey. In 2016, only 23% of members expected an improvement in the economy while almost half of members expected the economy to deteriorate.
- Employment prospects are also higher than in 2016. Survey results for 2017 show that **40% of members are more positive about employment prospects** than 12 months ago, compared to a figure of 29% in 2016.

Figure 1: CII Economic and Employment Prospects Indices, 2011-17



*In 2017, the economic prospects question asked, "How do you view the general economic prospects in the UK and prospects for your business in the coming year?" Previously the question was "How do you view the general economic prospects in the UK in the coming year?"

Source: CII, Cebr analysis

- Most CII members believe Brexit is bad for the economy, with **41% disagreeing with the proposal that Brexit is making Britain a better place to do business for their firm** - over three times more than the number of CII members who think that it is (14%).
- **Just over half (50.4%) of CII respondents do not feel confident that their interests are being well represented in the UK government's Brexit negotiations** with the EU.
- **CII members are split down the middle over the desired UK-EU future regulatory relationship with the EU post Brexit.** 33% of CII members would prefer to position the sector with light-touch regulation and supervision to try to gain extra global business, while 36% would choose to remain close or 'equivalent' to EU legislation.
- Out of respondents who know how their **firm's investment** has changed since the EU referendum, nearly three quarters (72%) have not changed their plans.
- The majority of senior workers think it is unlikely that their firms will move operations out of the UK in the event of a **'no deal' scenario**. However, significantly, 14% of CEOs and nearly a quarter of Senior Directors (22%) believe it is likely or highly likely that their firm will do so.
- A total of 37% of CII members **believe that a second Brexit referendum would be highly or somewhat beneficial to their firm**, more than double the number of members who would consider it to be highly or somehow damaging (15%).

Economic review and outlook

The world economy has been shaped by several political events in 2017, including elections in France Germany, Japan and the UK.

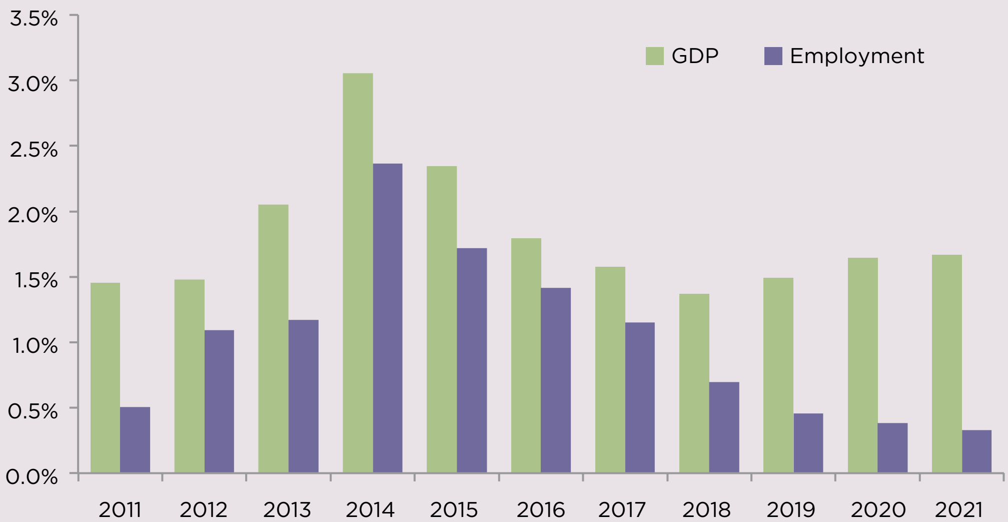
The resonating impact of the UK decision to leave the EU in 2016, and the changing political atmosphere in the USA caused by the election of President Trump, who began his term in January 2017, have both affected economic news.

Article 50 of the Treaty on European Union was invoked by Prime Minister Theresa May on 29th March 2017, meaning Britain must exit the EU before April 2019. Negotiations so far have been tumultuous. Talks began in June 2017, when groups were established for three key areas: citizens' rights, the financial settlement and "other separation issues", in addition to a separate dialogue on the Ireland and Northern Ireland border. One of the key issues that remains is the agreement on how much the UK is prepared to pay the EU in financial commitments.

So far the impact of Brexit has been felt harshest in London, where the dominant financial sector fears for the loss of passporting rights. International banks such as Goldman Sachs have been preparing to move workers from London to France or Germany. The housing market has slowed particularly in London, with the number of properties being sold declining significantly. Across the UK, the post-Brexit vote depreciation of the pound has had a negative effect on households. Higher import prices have driven up inflation, with CPIH inflation being measured at 2.7% in December 2017. This is significantly above the rate of wage growth, meaning that households are experiencing a real wage fall. This tightening of household budgets has inevitably influenced spending. Cebr forecast that UK household consumption spending will only grow by 0.9% in 2018.

UK business investment has been fairly resilient in light of worries about the future of the UK outside the EU, rising 3% year-on-year in both Q1 and Q2 2017 and 1% in Q3. This is likely a result of the weak pound and stagnating property prices meaning that it is less expensive than in recent years for overseas investors to invest in the UK.

Figure 2: UK real GDP and employment, annual percentage growth



Source: ONS, Cebr analysis

Economic review and outlook

In the Eurozone, there were two key elections in 2017: the French election of Emmanuel Macron as President and the election in Germany, in which Angela Merkel's CDU party won a minority.

The Catalonian bid for independence has also rocked the stability of Eurozone politics. Nevertheless, economic growth in the Eurozone has been strong, growing by 2.5% in 2017. Inflation for the bloc remains below target, despite reaching 2.0% briefly earlier this year. The ECB announced in October 2017 that they would halve their monthly asset purchases next starting in 2018 on the back of the strengthening economic growth. Nonetheless, the ECB stressed that it would leave interest rates at their current levels well beyond the duration of its QE programme. Cebr forecast economic growth in the Eurozone to be 2.3% in 2018.

The euro appreciated strongly against the dollar in 2017 due to the region's growth combined with uncertainty regarding the actions of President Trump. This has reduced the region's competitiveness across global markets but has decreased the cost of imports, putting downwards pressure on inflation.

Economic growth in the US was strong throughout 2017, expanding an annualised rate of 2.6% on quarter in the last quarter. This has led the Federal Reserve to increase interest rates three times in 2017, with the target range for the Fed funds rate now standing between 1.25% and 1.5%. President Trump selected Jerome Powell to be the next Federal Reserve chair after Yellen leaves in February 2018, who is expected to mark a continuation of the status-quo.

Hurricanes Harvey and Irma have heavily impacted the US labour market this year, as non-farm payrolls only showed weak growth in September 2017. However, employment growth picked up in the month following the destruction caused by the storm. Cebr forecast that the US economy will grow by 2.5% in 2018, which will be driven by increased infrastructure spending, and rising US exports as a result of the weak dollar.

Figure 3: Global GDP (in USD at market exchange rates), annual percentage change

Source: IMF, Cebr analysis

Economic review and outlook

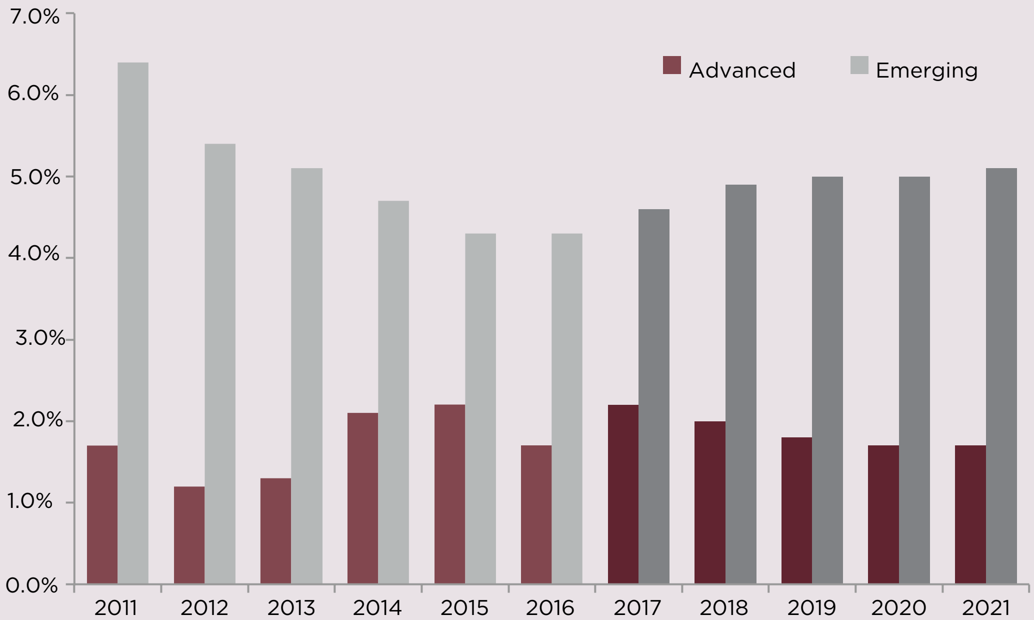
Japanese Prime Minister Shinzo Abe called a snap election for September 2017 to take advantage of his weak and divided opposition.

The Prime Minister has become known for his "Abenomics" policies which are based upon monetary easing, fiscal stimulus and structural reforms. The economy expanded at an annualised pace of 2.5% in the third quarter of 2017. However, the Japanese debt to GDP ratio expanded to 250% in 2016 so Japan needs considerably higher growth in order to tackle this worryingly high ratio.

GDP data for India shows growth accelerating to 6.3% in the third quarter of 2017, up from 5.7% the previous quarter. This was driven by a surge in manufacturing activity. Cebr forecast India's economy to expand by 6.4% in 2017, before accelerating to 7.9% in 2018 as the implementation of structural reforms such as the goods and services tax is expected to begin providing a boost to growth. Also, in August 2017, the Reserve Bank of India (RBI) became the first central bank in Asia to cut interest rates last year as it lowered the repo rate by 0.25 basis points to 6.0%.

The Chinese economy will have benefitted from stronger than expected world trade this year, which is expected to have grown at 3.6% for 2017 by the World Trade Organisation. This growth is driven by Asia and North America, where import demand is recovering from weak results in 2016. The Chinese economy grew 6.8% annually in Q3 and Q4, little-changed from the 6.9% recorded in Q1 and Q2 and in line with expectations. Industrial production and retail sales figures improved, suggesting that domestic fundamentals remain strong.

Figure 4: Advanced and emerging economies' contributions to annual global GDP growth, percentage points[1]



Source: IMF, Cebr analysis

[1] Advanced economies include EU, USA, Japan, Canada, Australia, Korea, Switzerland, Norway, Taiwan, Singapore, Hong Kong, Israel, New Zealand and Iceland. Emerging economies include China, Brazil, Russia, India, Mexico, Indonesia, Turkey, South Africa and Nigeria.

Headline results

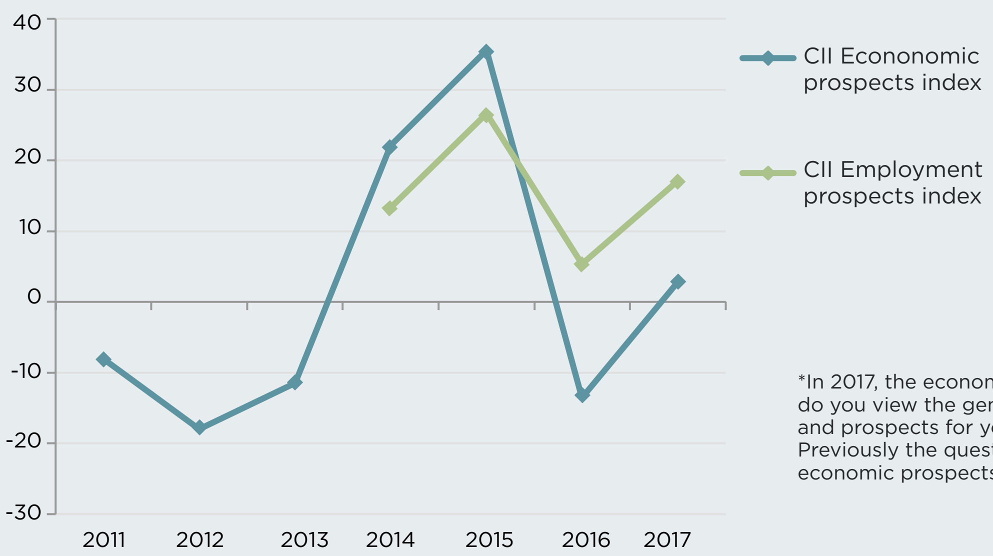
CII members' outlook on economic and employment prospects for 2018 improves

After a sharp fall in economic and employment prospects for 2017, the latest survey results paint a brighter picture. The expectations of CII members have improved markedly compared to last year, as optimism has returned after the unexpected result of the EU referendum last year caused confidence to fall significantly.

Just under a third (30%) of members said at the end of 2017 that they expect economic and business prospects to deteriorate over the coming year, compared to 48% that expected economic prospects to decline the year before. The improvement in prospects observed this year may reflect less uncertainty surrounding Brexit and its impact on the economy and a clearer public narrativeas negotiations have progressed.

A larger share of members have reported that their employment prospects have improved. At the end of 2016, 29% of members stated that their employment prospects had improved compared to 12 months before, whereas this time around 40% foresee an improvement.

Figure 5: CII Economic and Employment Prospects Indices, 2011-17[2]



*In 2017, the economic prospects question asked, "How do you view the general economic prospects in the UK and prospects for your business in the coming year?" Previously the question was "How do you view the general economic prospects in the UK in the coming year?"

Source: CII, Cebr analysis

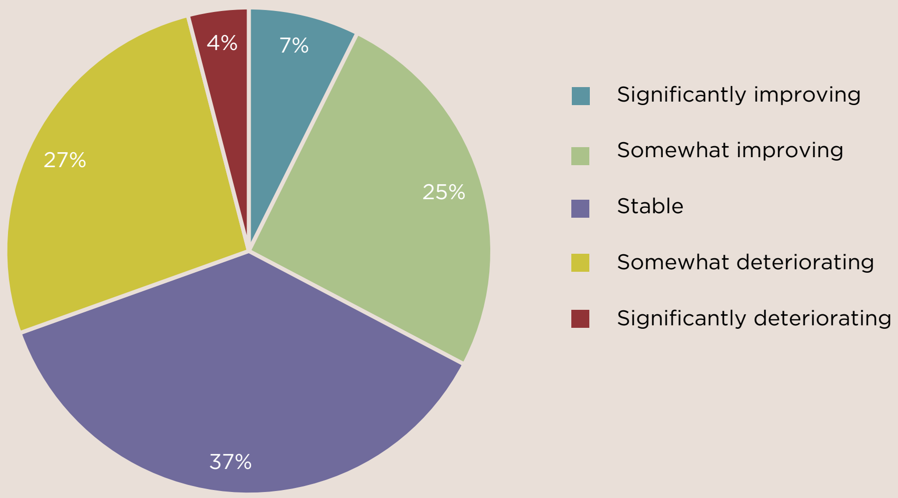
[2] Headline indices are constructed to succinctly summarise the sentiments disclosed in CII's Member Surveys. We first assign responses indicating a 'significantly improving' or 'significantly deteriorating' outlook with double the weight of 'improving' and 'deteriorating' responses, respectively. This step is in order to take account of the relative strength of these expectations. Subsequently, we subtract the weighted proportions of negative responses from the weighted proportions of positive responses, arriving at the indices shown above. These indices have a maximum possible value of 200 and a minimum possible reading of -200. Any score above zero indicates an overall expectation for improvement.

Economic and Business prospects

Respondents split equally over expectations for the economy and business over the next year

Respondents to the 2017 CII Members survey have a much more optimistic outlook than at the end of 2016, when almost half of respondents expected a deterioration in the economy. In the survey for 2017, less than a third expected a deterioration in economic and business prospects. Meanwhile, more than three in ten members are optimistic about prospects in the UK. Again, this improvement in members' perceptions may be due to the impact on the economy of the vote to leave the European Union being less negative than members had anticipated a year previously. Yet, Cebr forecast that GDP growth will slow to 1.6% in 2018, down slightly from 1.8% in 2017.

Figure 6: Prospects for the UK economy and businesses over the next year, 2017



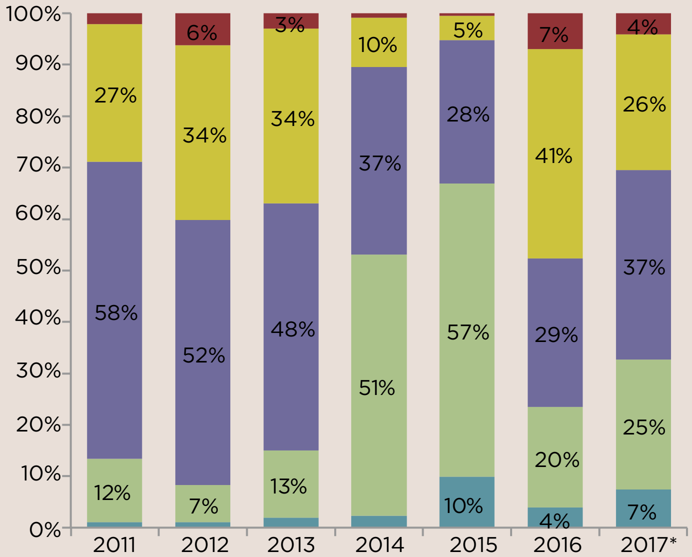
Source: CII, Cebr analysis

Economic and Business prospects

The variance in optimism for different respondents is reflected in economic confidence indices. Consumer confidence has been falling over the last year, with the GfK index falling from -8 in November 2016 to -12 in November 2017. High inflation caused by the weak pound is putting pressure on household budgets as prices for household goods rise, and real earnings fall. However, business confidence has been on the rise, as shown by the BDO business optimism index, which rose by 2.9 over the past year from 99.3 in December 2016 to 102.2 in December 2017. This improvement was mostly driven by higher manufacturing optimism.

While CII survey results for 2017 are an improvement on last year, they are still significantly worse than in 2015, when only 6% of respondents anticipated that there would be a deterioration of economic conditions, and 67% expected an improvement, as illustrated in Figure 7. This demonstrates that the vote to leave the European Union has caused confidence in the UK economy to decline.

Figure 7: Prospects for the UK economy in 2011-17[3]



Significantly improving

Somewhat improving

Stable

Somewhat deteriorating

Significantly deteriorating

*In 2017, the question asked, “How do you view the general economic prospects in the UK and prospects for your business in the coming year?” Previously the question was “How do you view the general economic prospects in the UK in the coming year?”

Source: CII, Cebr analysis

The number of CII members expecting a significant improvement is the second highest since the survey began, at 7%; however, the proportion expecting a significant deterioration has only been higher twice. This shows that members’ expectations for the UK economy have become more polarised.

[3] Some prior surveys asked members for their view on economic prospects in the following terms: Excellent, Good, Stable, Deteriorating, Very Poor. For more recent editions, the scale was as follows: Significantly Improving, Improving, Stable, Deteriorating, Significantly Deteriorating. For purposes of comparability, these five-point scales are considered interchangeable.

Economic and Business prospects

Regional split shows that London is by far the most pessimistic region for economic and business prospects.

Figure 8: 2017 Prospects for the UK economy and businesses by region[4]

Source: CII, Cebr analysis

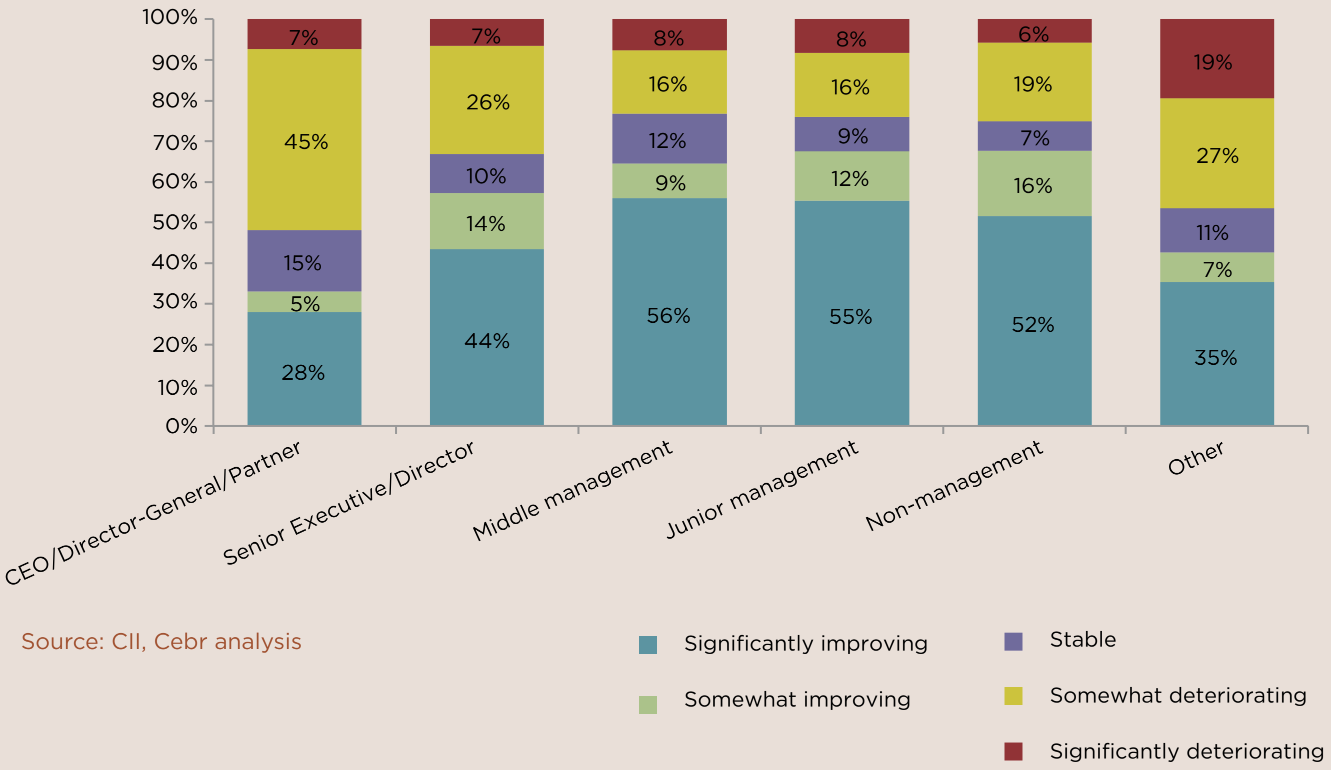
Figure 8 shows that all regions except London have a positive index for economic and business prospects over the next year. 41% of respondents in London expect a deterioration of the economy and business over the next year, while only 27% expect an improvement. Every other region thought an improvement was more likely than a deterioration. In 2016, every region except the North East had a negative index value.

London's weak score is likely to have been caused by forecasts of fragmentation of the city's dominant financial centre. Some of the largest banks and insurers are planning on moving numerous workers to other cities in Mainland Europe. The profitability of the banks and insurers that remain in London is threatened by the potential loss of passporting rights after the UK exits the EU.

[4] Elsewhere includes Northern Ireland, Channel Islands and non-UK workers (non-UK workers make up 86% of elsewhere responses)

Economic and Business prospects

Figure 9: Prospects for the UK economy and businesses by hierarchy



Source: CII, Cebr analysis

The hierarchy breakdown highlights that junior workers have much more positive expectations for the economy and business over the coming year than more senior staff. 65% of middle management and 67% of junior management think that the economy and business prospects will improve, while only one third of Chief Executives, Director-Generals, Firm principals or partners are confident about the UK's prospects.

The trend observed in the hierarchical data may be because more senior staff are more likely to have information on the risks their firms face, especially with regards to Brexit, and are thus more conservative about their outlook.

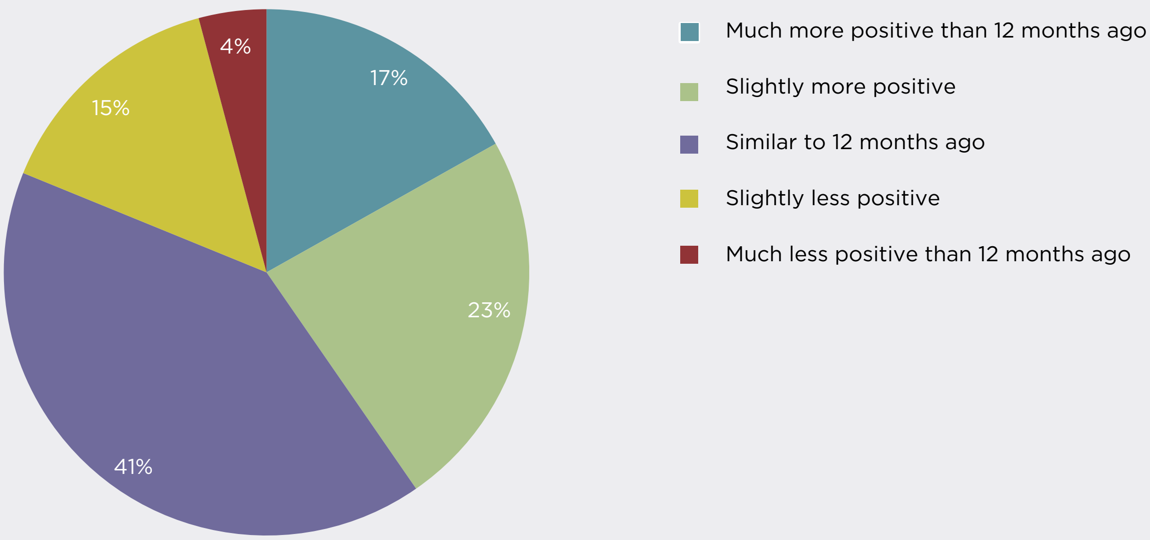
Employment prospects

Overall UK employment prospects are positive

40% of CII members reported that employment prospects are more positive compared to a year ago, while 41% felt that their employment prospects had not changed. Despite the UK economy facing a high level of uncertainly due to Brexit negotiations, unemployment is at a near-record low, signalling strength in the labour market.

Nearly one in five CII members believe that their employment prospects are less positive than a year ago. This reflects the fact that some insurance firms may be holding off on hiring decisions given economic uncertainty, adopting a wait-and-see attitude.

Figure 10: CII members' perception of own employment prospects compared with 12 months ago, 2017



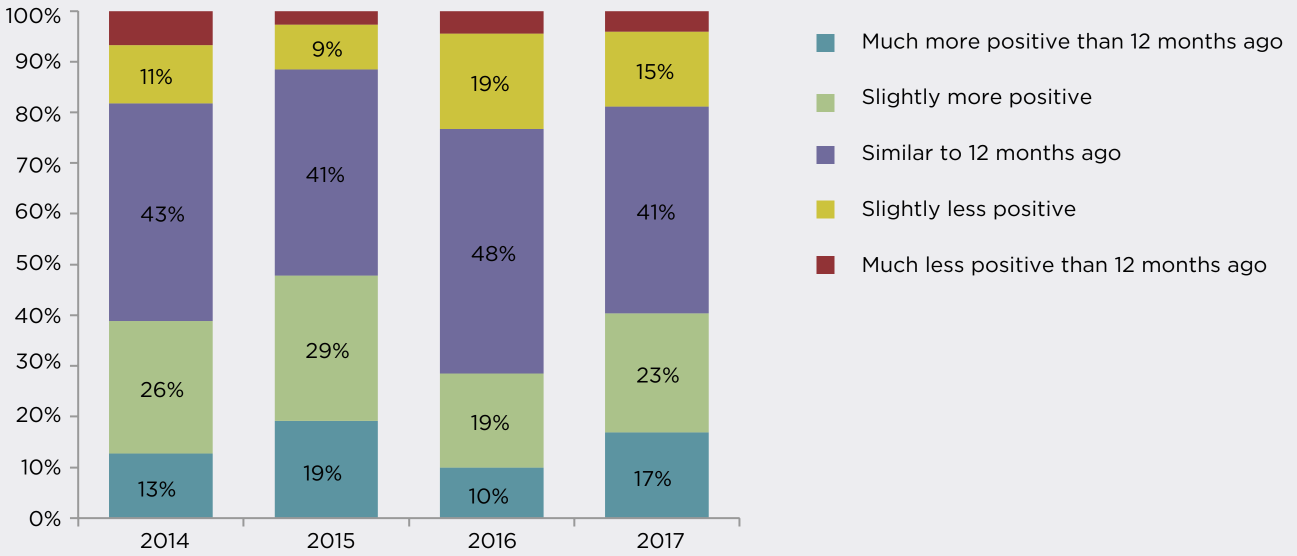
Source: CII, Cebr analysis

Employment prospects

Figure 11 shows that the proportion of respondents who believe that their employment prospects are more positive than 12 months ago is greater than at the end of 2016, but lower than in 2014 and 2015. Cebr forecasts that the unemployment rate will stand at 4.4% in both 2017 and 2018, before rising to 4.5% in 2019.

Despite the positive outlook for employment, wage growth in the UK is slow, meaning that inflation-adjusted wages are falling. In the year to December, inflation as measured by the CPIH measure was 2.7%. While we expect price pressures to ease in 2018, UK households will continue to see their spending power decrease for some time as wage growth remains lacklustre.

Figure 11: CII members' employment prospects, 2014-17

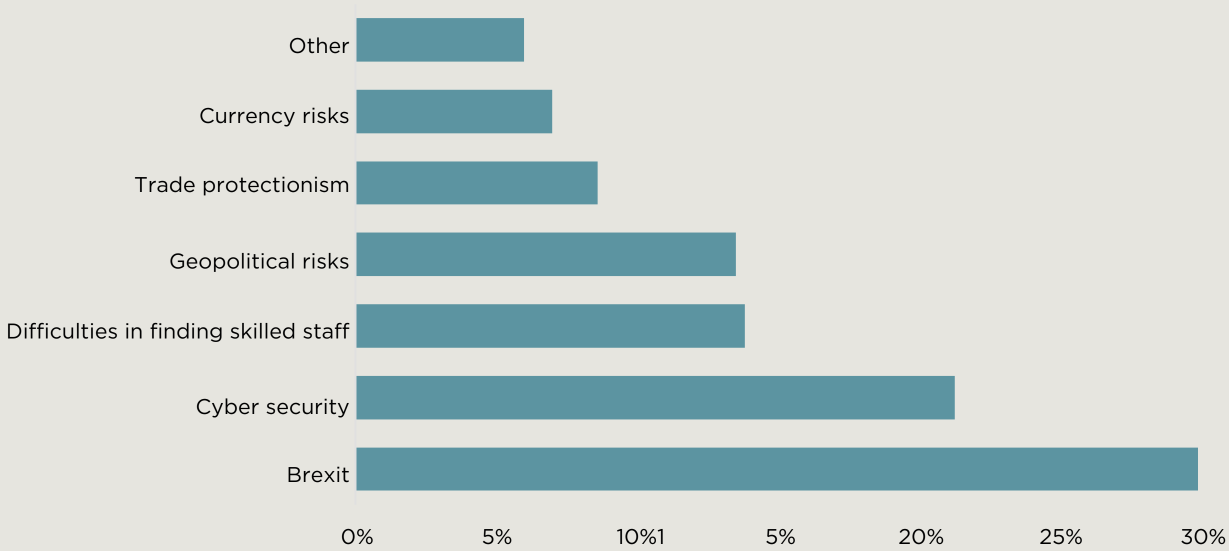


Source: CII, Cebr analysis

Brexit is the biggest risk to the insurance industry

When asked about the biggest risks to the insurance industry, Brexit was by far the most selected option at 30%. Following this, 21% of CII members chose cyber security and 14% selected difficulties in finding skilled staff.

Figure 12: Biggest risks to the insurance industry as judged by CII members



Source: CII, Cebr analysis

In every market type (general insurance; Lloyd's/London market; life, pensions & long-term savings and financial advice) Brexit is seen as the biggest risk followed cyber security.

The large proportion of CII members seeing Brexit as the biggest risk is unsurprising given that it is a topical issue which is currently causing a great deal of economic uncertainty and sparked a significant depreciation of the pound. Cyber security is also a growing concern across all industries, as the use of technology such as big data and cloud computing becomes increasingly common.

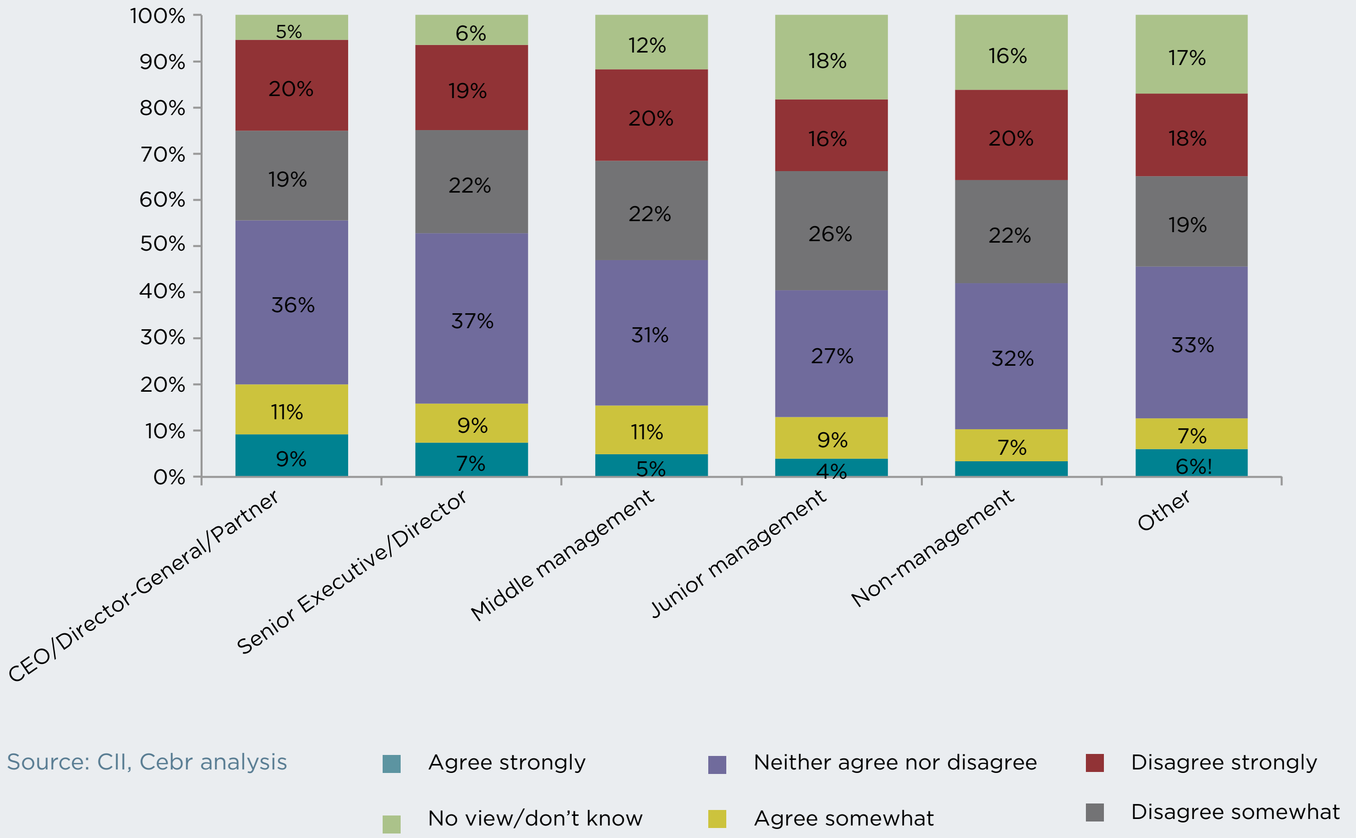
The Digital Strategy was launched by the UK government in early 2017 which will involve millions of free digital training opportunities. This should help tackle cyber security risk, since workers will have a better understanding of how to guard against cyber threats.

The impact of Brexit

Many CII members are concerned that Brexit will be bad for business

Figure 13 shows that only 14% of survey respondents agree that Brexit is making the UK a better place to do business for their firm, while 41% disagree with the proposal that Brexit is making Britain a better place to do business. 32% neither disagree nor agree.

Figure 13: Response to statement that "the Brexit situation is making the UK a better place to do business for my firm"



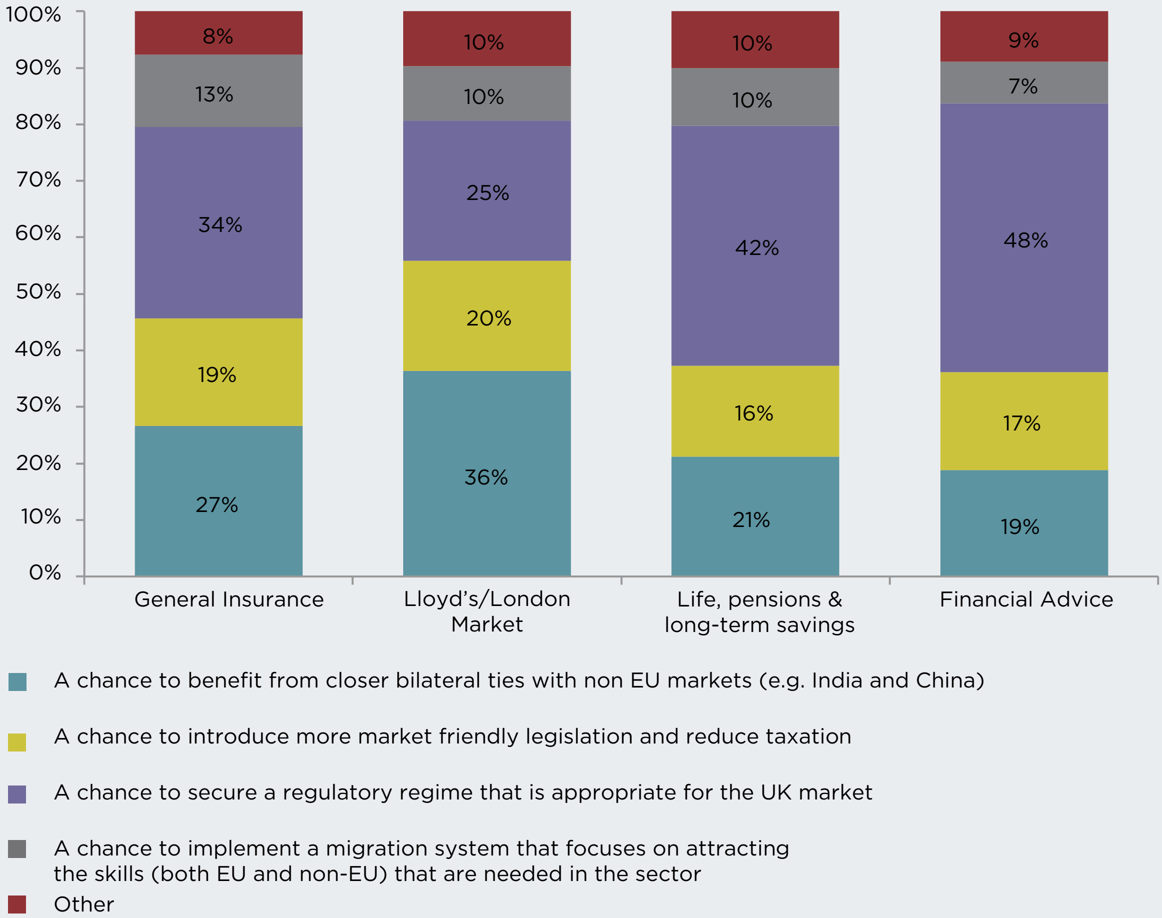
Source: CII, Cebr analysis

The relatively high share of respondents who neither disagree or agree with the statement reflects the high level of uncertainty in the economy that exists while members are unsure about the outcome of Brexit negotiations.

The impact of Brexit

The chance to secure a regulatory regime that is appropriate for the UK market is a top opportunity resulting from Brexit

Figure 14: What do you consider to be the key opportunity that leaving the EU will provide to the UK insurance and financial planning sector?



Source: CII, Cebr analysis

Overall, 37% of survey respondents said that a chance to secure a regulatory regime that is appropriate for the UK market is the key opportunity that leaving the EU will provide to the UK insurance and financial planning sector, making it the most selected opportunity. The next most selected opportunity is a chance to benefit from closer bilateral ties with non-EU markets, which was chosen by 26% of respondents.

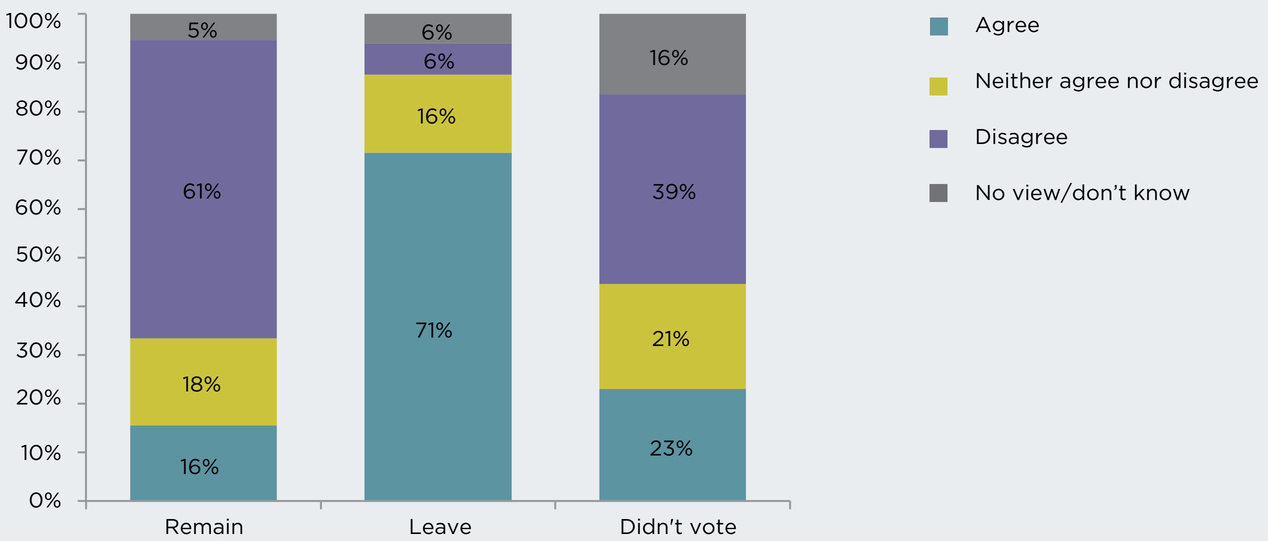
EU regulations must be appropriate for all member countries. Clearly many members hope that after Brexit, the UK will be able to set country-specific policies that they can tailor towards the industries and workers in the British economy.

The impact of Brexit

Members have a mixed outlook for UK trade as a result of Brexit

When asked for their views on trade after the UK leaves the EU, more than four in ten respondents said that they disagree with the statement that trade with the UK and the rest of the world stands to improve as a result of Brexit, while 31% said that they agree.

Figure 15: Response to statement: "Trade with the UK and the rest of the world stands to improve as a result of Brexit"



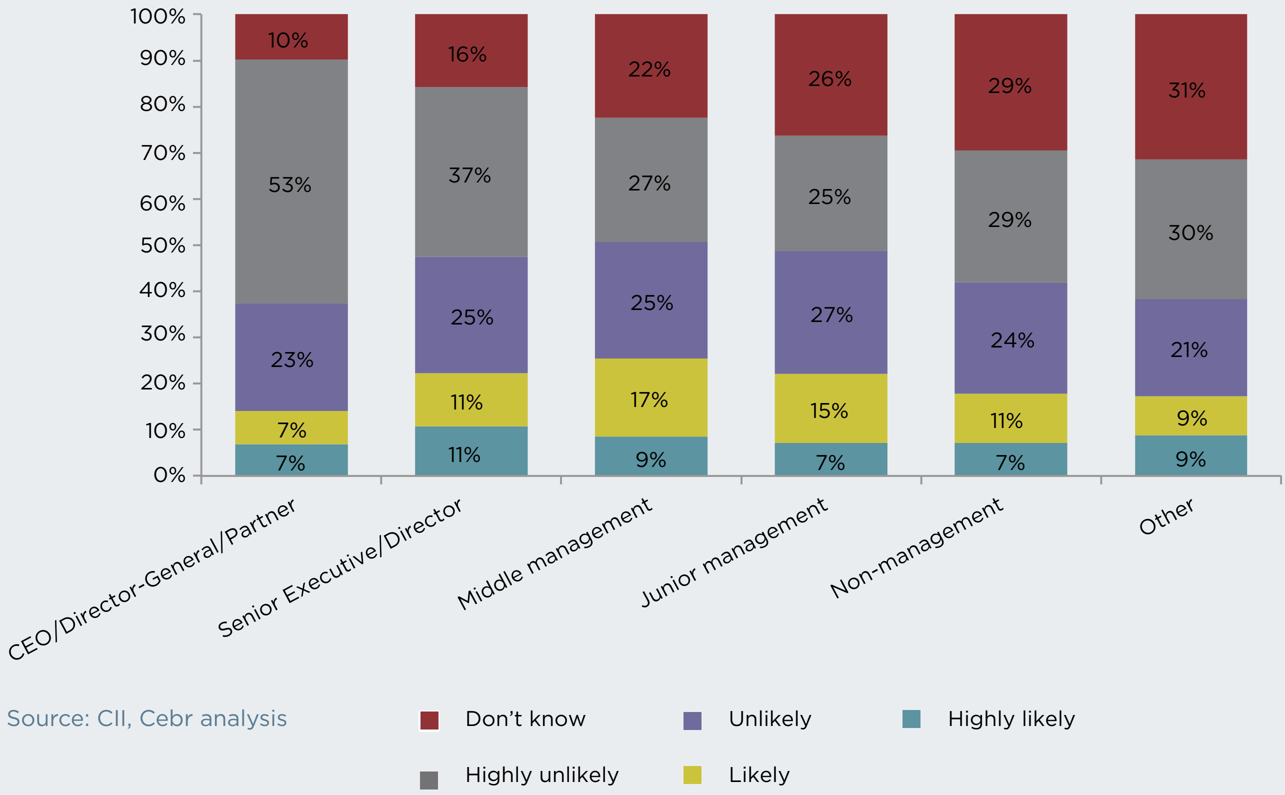
Source: CII, Cebr analysis

As shown in Figure 15, there is a large discrepancy between those respondents who voted to leave and those who voted to remain in the EU. This difference in beliefs further highlights a lack of certainty for what the future of UK trade policy - in goods and services - will look like outside the EU. Trade agreements are notoriously difficult to negotiate and agree on. Even if the UK and EU manage to strike a deal before Brexit is enforced in April 2019, the UK will have to negotiate new trade arrangements with the rest of the world.

If the government fails to secure a trade agreement before the UK leaves the EU, business for some firms will be damaged, since their products could face tariffs if they sell in the EU market. Therefore, some UK businesses may find it beneficial to move some operations into the EU. Out of all CII respondents, 32% said that it was highly unlikely that a no-deal situation would provoke their firm to move some or all of its operations out of the UK. 24% said that it was unlikely, 12% said that it was likely and 8% believe that it is highly likely.

The impact of Brexit

Figure 16: If the UK left the EU without a trade agreement and an agreement would not happen for several years, what would be the likelihood of some operations moving out of the UK?



Source: CII, Cebr analysis

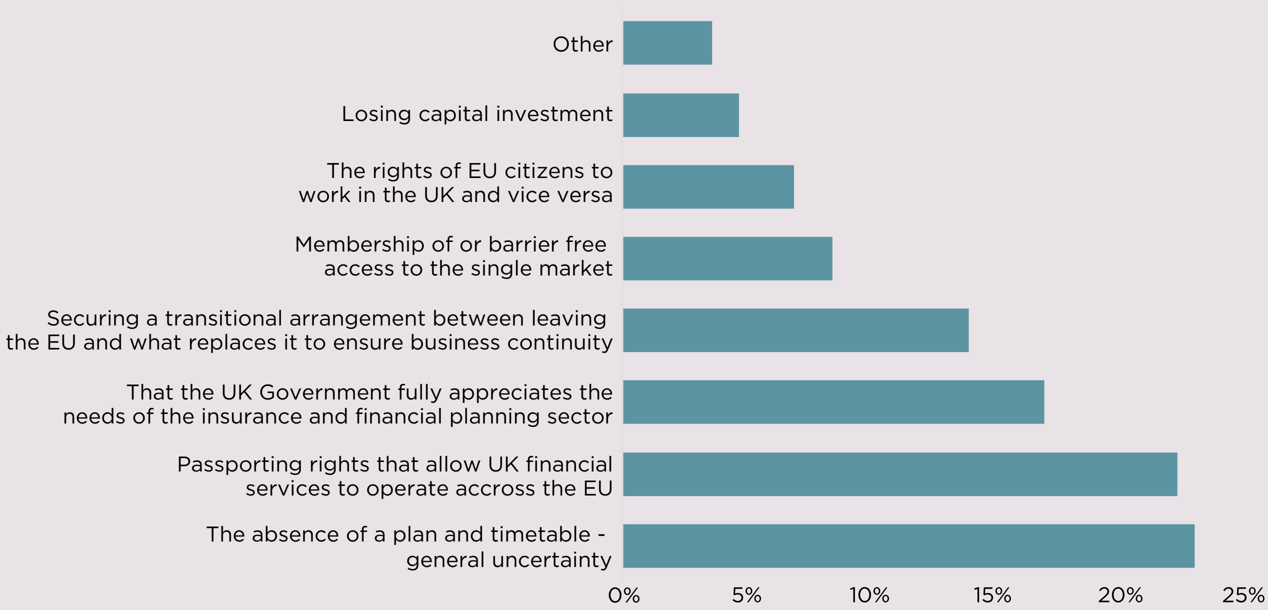
Figure 16 demonstrates that perceptions of the UK's future outside the EU vary greatly between people of different hierarchies in insurance firms. Results suggest that the majority of senior workers think it is unlikely that operations will move out of the UK in their firms. However, significantly, 14% of CEOs and nearly 1 in 4 Senior Directors believe it is likely or highly likely that their firm will do so. Since CEOs and directors are generally in charge of the location of operations, their views are likely to be representative of what will happen.

Expectations with regards to Brexit negotiations

Most CII members do not think that the government will represent them in negotiations with the EU

Regarding concerns in the insurance sector while the UK is taking part in negotiations to leave the EU, members appear to be particularly worried by the government's perceived lack of a plan and timetable, which is leading to greater uncertainty in the economy. Losing passporting rights is also a serious concern for CII members. For CII members who work in the Lloyd's/London market, the loss of passporting rights is their biggest concern, at 35%.

Figure 17: Respondents biggest concerns as the UK enters into negotiations to leave the EU

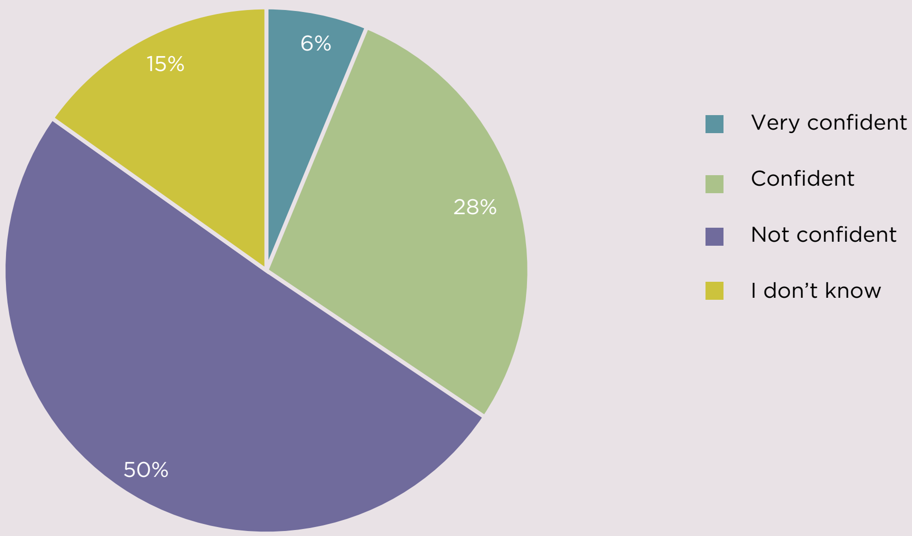


Source: CII, Cebr analysis

The majority (just over 50%) of CII respondents are not confident that the interests of the UK insurance and financial planning sector are being represented in negotiations to leave the EU. These figures could be understood as a consequence of unease over the priority the UK Government attaches to the wider financial services sector when competing against other political trade-offs that inevitably must be made in negotiations.

Expectations with regards to Brexit negotiations

Figure 18: How confident are you that the interests of the UK insurance and financial planning sector will be well represented in negotiations to leave the EU?

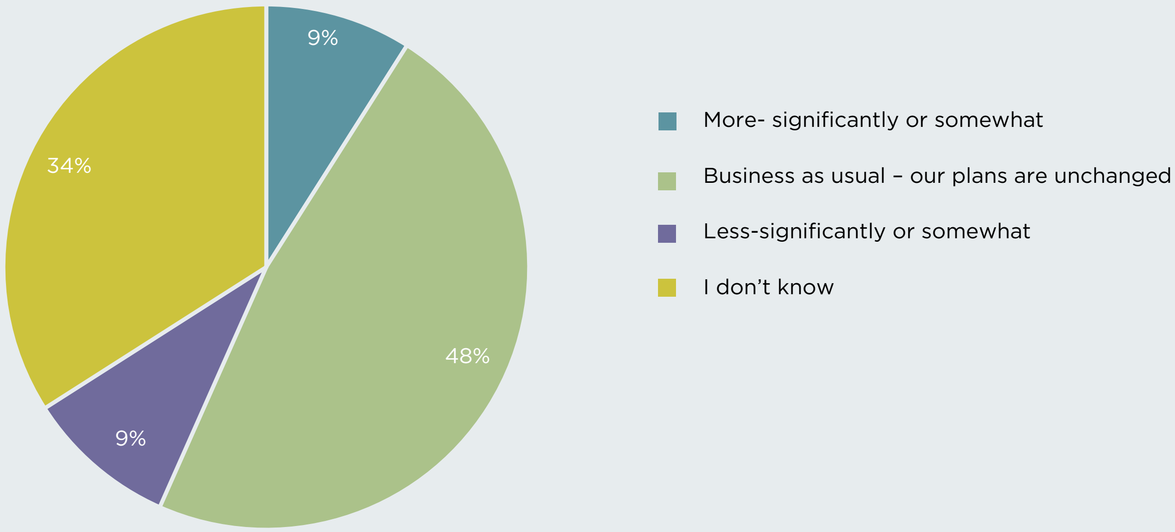


Source: CII, Cebr analysis

How insurance firms are planning for Brexit

48% of CII member's firms have not changed investment plans as a result of Brexit

Figure 19: Has the UK government's approach to negotiations with the EU since the referendum meant that your firm has planned to invest differently?



Source: CII, Cebr analysis

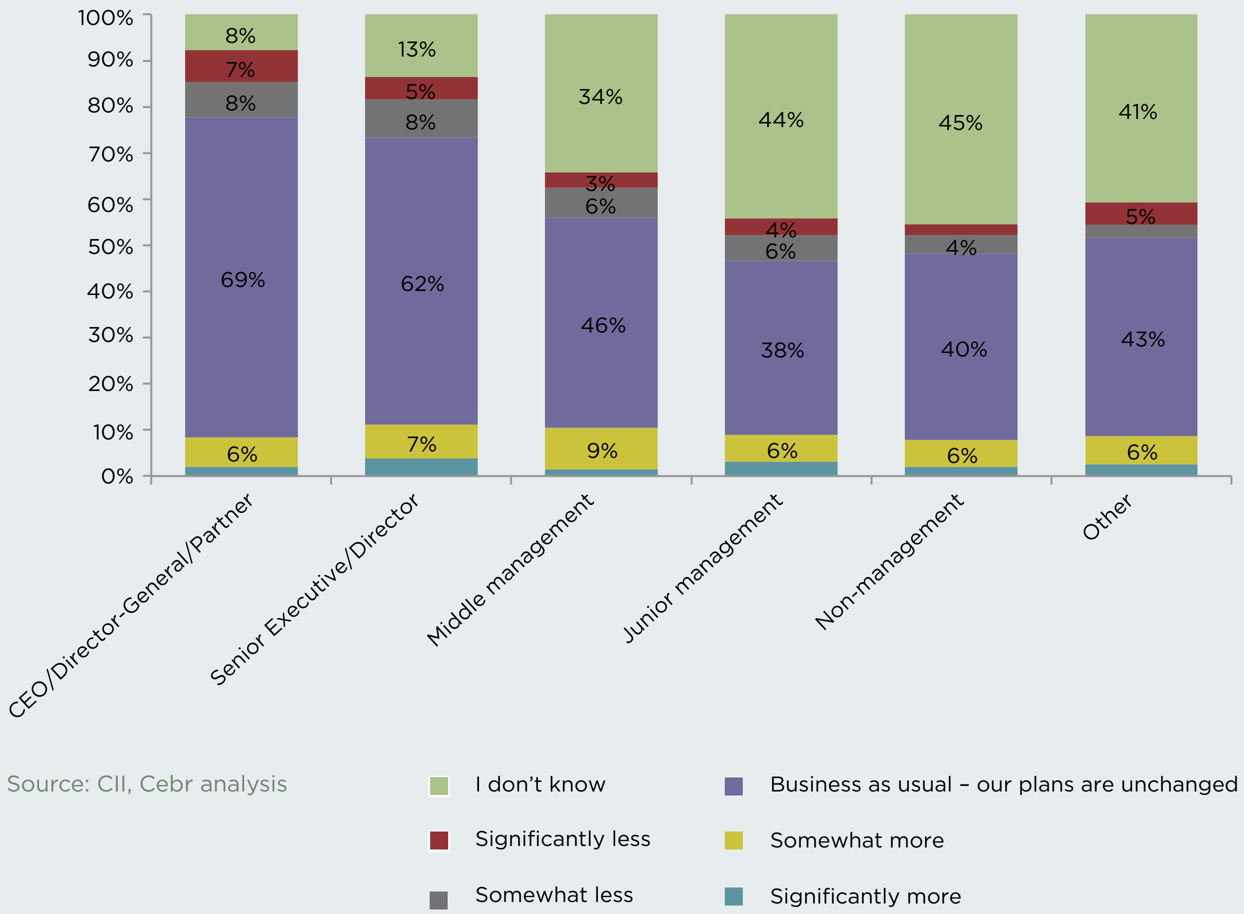
Although it might be expected that firms would hold off investment due to the high level of uncertainty surrounding the future of business in the UK at the moment, out of the respondents who know how their firm's investment has changed since the EU referendum[5], 72% have not changed their plans. This may reflect that most firms are waiting until more clarity on Brexit negotiations becomes available before changing their investment strategy.

When looking at the breakdown by hierarchy, more senior workers report a larger proportion of responses saying investment has decreased. 14% of Chief Executives, Director-Generals, Firm principals or partners say that their firm had invested less, but only 8% said they had invested more. For non-management workers, more believed that investment had increased in their firm (8%) then decreased (6%). Since non-management workers are less likely to be aware of their firm's investment decisions, their responses are less likely to reflect the investment sentiment of the insurance sector.

[5] This excludes "I don't know" responses

How insurance firms are planning for Brexit

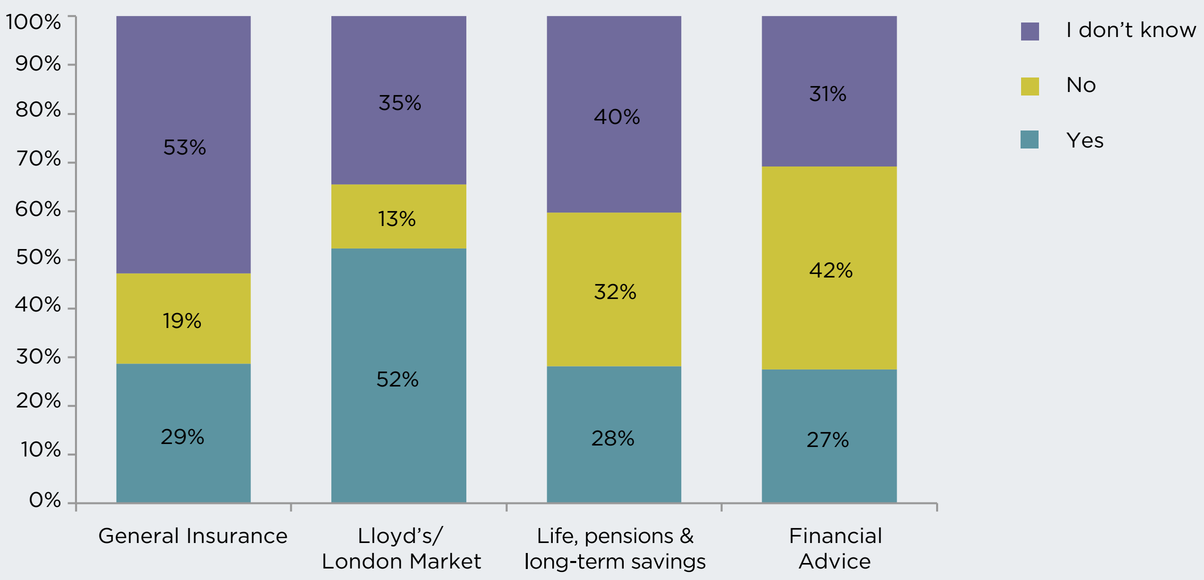
Figure 20: Has the UK government's approach to negotiations with the EU since the referendum meant that your firm has planned to invest differently? Broken down by hierarchy



Source: CII, Cebr analysis

How insurance firms are planning for Brexit

Figure 21: Does your firm have a contingency plan in the event of further market disruption caused by the UK's withdrawal from the EU?



Source: CII, Cebr analysis

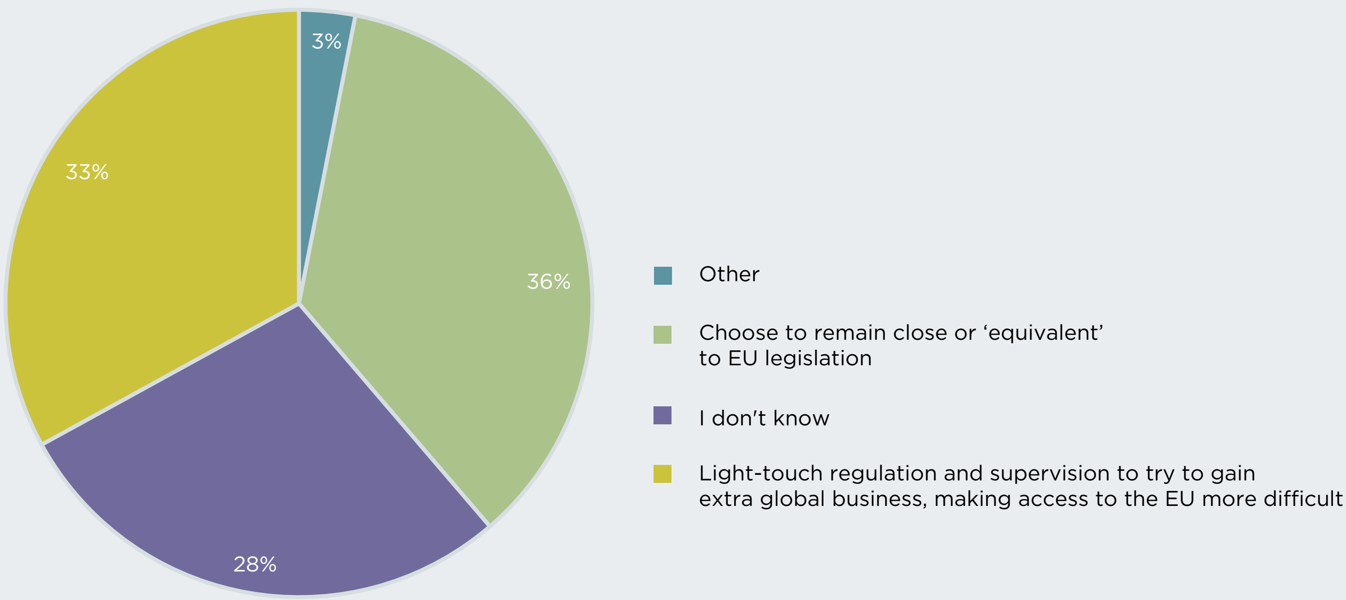
Excluding those members that replied with "I don't know", 55% of respondents said that their firm has a contingency plan in the event of further market disruption caused by the UK's withdrawal from the EU. When looking at the four different markets, 61% of general insurance respondents and 80% of Lloyd's/London market respondents said that their firm has a contingency plan. However, only 47% in the life, pensions & long-term savings market and 40% in the financial advice sector said that their firm has a contingency plan.

Figure 14 shows that there is a slightly higher preference in the insurance sector for choosing to remain close to or equivalent to EU legislation rather than choosing to attract business via lighter regulation. Survey respondents were asked to choose out of two options: for the UK insurance sector to position itself as an international financial centre with light-touch regulation and supervision to try to gain extra global business – in the process making access to the EU more difficult and cumbersome, or choosing to remain close or 'equivalent' to EU legislation and thus favour its regional business in the EU, but ultimately have no say how the sector is regulated going forward.

When looking at the four different markets surveyed, the difference is marginal between legislation similar to or different to the EU. After removing 'I don't know' responses, 43% of members in the general insurance sector would choose light touch regulation, and 54% would choose legislation similar to the EU's. In the Lloyd's/London market, 49% would choose light tough regulation and 44% would choose EU alike legislation, with similar responses for the financial advice market. In the life, pensions & long-term savings market, the proportion of responses was the same for both options.

How insurance firms are planning for Brexit

Figure 22: If the UK insurance and financial planning sector was to choose between non-EU and EU business, what should they choose?



Source: CII, Cebr analysis

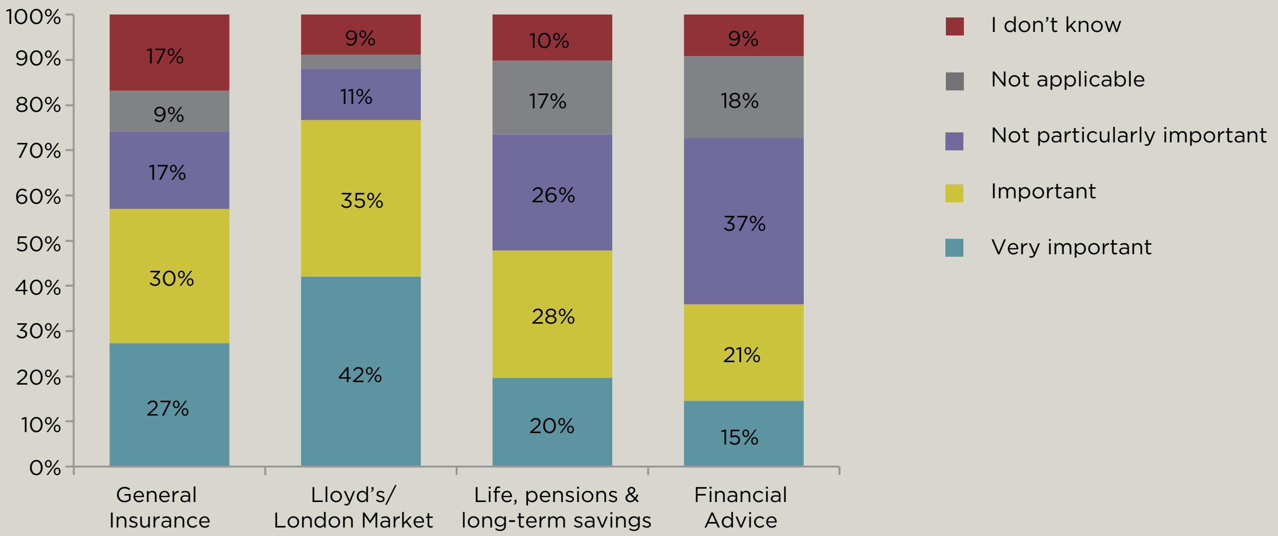
Importance of financial services passport rights

Majority of CII survey respondents say that passporting rights are important or very important to their firm

More than half of CII members feel that passporting rights are very important or important to their firm. These results are consistent with the survey conducted at the end of 2016, showing that respondents are unwavering in their understanding of the importance of passport rights. This reflects the EU facing nature of the insurance industry.

Figure 23 highlights that losing a financial services passport will have the biggest impact on the Lloyd's/London market, for which 77% of surveyed CII members said that the passport is very important or important. The sector which will be impacted the least is the financial advice sector, for which 37% said a passport is not particularly important.

Figure 23: How important do you consider maintaining the financial services 'passport' to be for your firm?

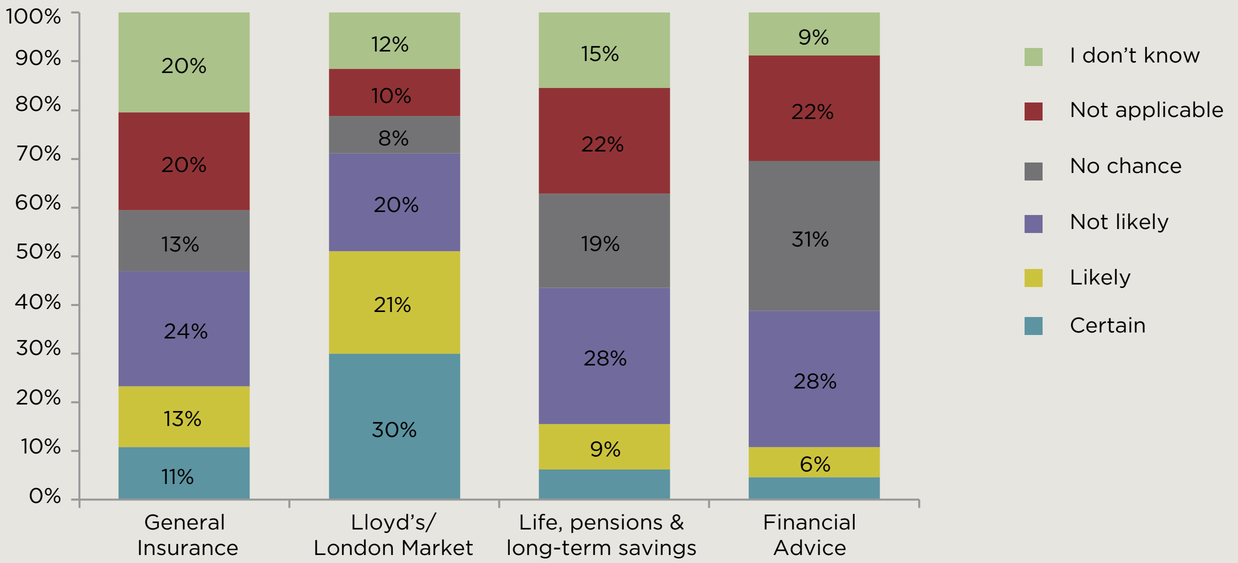


Source: CII, Cebr analysis

The importance of passporting to the Lloyd's/London market is highlighted by the fact that 30% of respondents within this market are certain that their firm will set up an additional subsidiary or branch in mainland Europe in the event that passporting rights are lost. Overall, 11% of respondents said that their firm would certainly set up a mainland Europe branch, and 12% said that they were likely to do so. A greater proportion said that a mainland Europe branch would not be likely (24%) or that there was no chance of it happening (20%).

Importance of financial services passport rights

Figure 24: How likely do you think it is that your firm will set up an additional subsidiary or branch in mainland Europe in the event that passporting rights are lost as a result of negotiations to leave the EU?



Source: CII, Cebr analysis

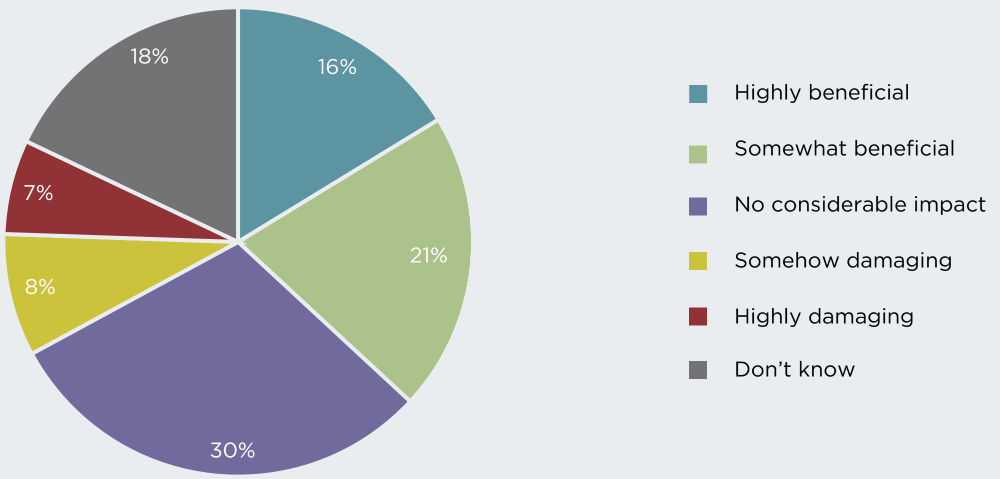
Potential impact of a second Brexit referendum

A second Brexit referendum would be beneficial to over a third of survey respondent's firms

Ever since the referendum result, there have been calls for a second opportunity for voters to have their say on Britain's EU membership. While the UK government has rejected all suggestions of a second referendum, this survey provides valuable insight into how CII members' opinions have changed since last year.

Figure 25 shows what CII members consider to be the potential impact of a second referendum. 37% of members believe that another referendum would be highly beneficial or somewhat beneficial. Conversely, 15% said that it would be highly damaging or somewhat damaging. Therefore, overall more respondents think another referendum is a good idea.

Figure 25: Impact on firm if the UK government were to hold another Brexit referendum giving the public a chance to confirm their wishes or reconsider in the light of developments



Source: CII, Cebr analysis