1. **Summary/Commentary**

*The summary focuses on the outcome of the referendum over the UK’s continued membership of the EU, the immediate impact of the vote to leave and the reaction of the social partners. It is notable that the two main bodies have presented a united front, serving to highlight the gravity of the situation now confronting the UK. It should also be noted that Article 50 of the Treaty of the European Union has yet to be triggered and the country has entered a period of major uncertainty. The current crisis in the UK steel industry is also outlined.*

*The outcome of the EU Referendum vote*

The referendum over the UK’s continued membership of the European Union was held on the 23rd of June and resulted in a majority of 51.9% for Leave. There had been a [turnout of 72.2%](http://www.bbc.co.uk/news/uk-politics-32810887) and the country was divided in its voting pattern; a majority voted to leave in England and Wales, whilst in Scotland and Northern Ireland, a majority backed remaining in the Union. There were immediate [economic ramifications](http://www.bbc.co.uk/news/business-36611512): the value of the pound fell 10% against the Dollar in two days and there was intense share price volatility. Momentous political fall-out also ensued, manifesting in the resignation of the Prime Minister and the subsequent leadership contest in the Conservative Party. Moreover, two-thirds of Labour Party MPs (the major opposition party) [rebelled against their leader](http://www.theguardian.com/politics/2016/jun/26/corbyn-to-hold-crisis-talks-as-labour-mps-try-to-force-him-out) and a leadership contest is now being fought. Of significance, Article 50 of the Treaty of the European Union – the official mechanism for exit - has yet to [be triggered](http://www.bbc.co.uk/news/uk-politics-eu-referendum-36664529) and uncertainty continues to abound.

*The immediate reaction of the social partners to the Brexit vote*

Prior to the referendum, the main social partners had overwhelmingly supported staying in the EU. Only a minority of business leaders (e.g. the director-general of the British Chamber of Commerce) and a limited number of smaller trade unions had supported ‘Leave’ (e.g. the RMT in the transport sector). The [CBI had repeatedly pointed to the economic benefits](http://news.cbi.org.uk/business-issues/uk-and-the-european-union/insight-analysis/cbi-literature-review-of-the-impact-of-eu-membership-on-the-uk-economy/) of membership, whilst the TUC had published a [number of reports](https://www.tuc.org.uk/international-issues/europe/eu-referendum/workplace-issues/uk-employment-rights-and-eu) on the potentially damaging impact of Brexit on workers’ rights in the UK, arguing that leaving the EU would lead to further, detrimental labour market deregulation. Such concerns were seemingly validated when the [Employment Minister](http://touchstoneblog.org.uk/2016/05/let-cats-priti-patel-suggests-lose-half-eu-work-rights-brexit/), campaigning for Brexit, declared that ‘halving the *burdens* of EU social and employment legislation … could deliver a £4.3 billion boost to the economy and 60,000 new jobs.’

In the run-up to the referendum, the TUC had issued a [joint statement](https://www.tuc.org.uk/economic-issues/labour-market/international-issues/europe/unions-and-employers-publicly-unite-back) with the EEF, the manufacturing employers’ association. In an unusual move, the two organisations had publicly united in order to set out the potential loss in manufacturing trade and concomitant effects on businesses, jobs and employees, should the UK leave the EU. Moreover, following the referendum result, [the CBI and TUC issued a joint statement](https://www.tuc.org.uk/economic-issues/public-spending/labour-market/industrial-issues/cbi-and-tuc-publish-joint-statement) calling on the Government to do everything possible to minimise the economic fall-out of leaving the EU, to secure jobs and investment and to reassure workers worried about the potential implications for employment and social protections. The two organisations also spoke of the need for a national effort from business, trade unions and the central and devolved governments. This unusually united front serves to emphasise the gravity of the situation now confronting the UK.

*The Steel Industry Crisis*

Although the referendum has dominated the headlines both prior to and after the vote, the other major issue of the quarter is the potential demise of the British steel industry, a significant matter which has been overshadowed by the referendum. At the end of March, [Tata Steel had announced](https://www.theguardian.com/business/2016/mar/29/tata-set-to-announce-sale-of-uk-steel-business-port-talbot) its intention to sell its entire UK operation, placing a total of 15,000 jobs at risk. On the 21st of April, the Government ruled out any nationalisation of the business but announced that it would take a [25% stake in any rescue](http://www.bbc.co.uk/news/business-36102835) of operations and would make a support package available to any credible buyer. The government was also working with the pension scheme trustees of Tata Steel and British Steel to minimise any pension impact on the purchaser.

The [separate acquisition](http://www.telegraph.co.uk/business/2016/04/11/greybull-nears-deal-to-buy-tata-steels-scunthorpe-plant/) of the Long Products Division at Scunthorpe – already in progress at the time of Tata’ announcement – was completed on the 1st of June. As regards the remainder of the business, the [deadline for formal bids](http://www.bbc.co.uk/news/business-36374598) to be submitted to Tata was on the 23rd of May. Earlier that month, Tata had said that there had been seven expressions of interest in its UK business, including one from a management buyout vehicle. However, it has been reported that the [exit vote has stalled the sale process](http://www.bbc.co.uk/news/uk-wales-36634654). The companies involved in the bidding process are assessing the situation, as are the banks and investors backing them.