



EU Referendum Pre-Brief

The EU Referendum: All you need to know

Will we have an idea at 10pm about the likely outcome?

Unlike general elections, we will not have an official exit poll at 10pm when the polls close. However, there will be at least two polls published today. Ipsos Mori will publish one using information taken earlier this week, but YouGov will poll today and release the numbers at 10pm.

With many institutional investors having commissioned their own private polls, it may be worth studying the movement of sterling and then overnight as other markets open as a lead indicator for the likely result.

Will turnout have a part to play in determining the outcome?

It's generally considered that a low turnout is likely to benefit the Leave campaign, as their supporters' fervent dislike for the EU will drive them to the polling station.

While a higher turnout is expected to help the Remain cause, it has been argued that an exceptionally high figure – similar to what we witnessed in the Scottish Independence referendum – could suggest an advantage for Leave, as it implies that Brexit has managed to mobilise those who are anti-EU but wouldn't normally bother to vote.

When will we know the final result?

We don't expect to know the official result until around 7am on Friday morning, after all 382 counting areas have declared.

However, we should be able to gauge the way the evening is going based on the results as they come in from across the country.

Do we know how regions are going to vote?

There are some voting trends that we expect to see. University towns are expected to join London, Scotland and Northern Ireland in backing Remain, while the North West and the Midlands, along with areas with a strong industrial background, are expected to go the way of Leave.

Timeline of Results

10pm – Polls close – YouGov publish latest polling

Midnight – The first results come in

We expect the first results to come in from Gibraltar and the Scilly Isles. However, due to their relative small electoral size, the outcome won't give much indication as to how the rest of the night is likely to pan out.



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11:30pm - 12:30am – First UK results to declare

Sunderland will be looking to maintain their tradition of being the first UK area to declare their results, in a race that will also involve Foyle in Northern Ireland and Wandsworth in London.

Boris and Co. will really need Sunderland to come in strong for them – analysts saying around six points or more – to give them belief that they can secure victories in narrower regions elsewhere across the country.

The City of London will also declare during this period, though anything other than a resounding vote for Remain will spell panic in the corridors of Number 10.

1:00am – More key battlegrounds to declare

More results will be declared at this time, including Britain's once 'most average town', Swindon, and Darlington. Previous polling has highlighted that both may be flirting with Brexit, so will be the first real early indications of what we could expect in the following six hours.

1:30am – Results from Northern Ireland

The Remain campaign should get good news from Belfast around this time, with many of the results from Northern Ireland being announced.

However, this period won't all be plain sailing for Cameron, as a host of Eurosceptic areas in England will likely back Brexit at this time too.

2:00am – Scotland to declare

We expect many of the results from Scotland to come in around this time. As mentioned, the Scottish vote is expected to follow suit with Northern Ireland and London and return a vote for Remain.

By this point, we can expect murmurs and gossip on the outcome of those areas yet to declare, with much of the counting having taken place across the country.

3.30am – Around 200 results declared

4:00am – London Boroughs amongst those to declare

6:00am – Final results to be declared

With only a handful of areas still to make declarations, the result will have unofficially been called by the media. Only if the margin was extremely tight would we be waiting eagerly for Bristol or Harborough, which we expect to get around 7am.

Once all results have been declared, the outcome of the UK's referendum on membership of the EU will be announced at Manchester Town Hall.



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What happens after the result?

In all moments like this it is critical to look beyond the waves to the tides that will change things more fundamentally. As things stand the mood of the markets is that a win for remain is on the cards. No-one knows anything although many financial institutions have undertaken private exit polls which it is illegal to report. But watching behaviour you can see confident pricing for IN across different markets and in betting (which we never like to suggest you look at even though everyone else does).

However, they all may be wrong and turnout may be higher for leave and we could end up with a narrow vote for out. So what do we look for in all scenarios?

Narrow Leave Win

There may be market chaos for a short period before things settle into a 'priced in' equilibrium and more information is sought over "what the hell is going on?". We think there could be a material effort to renegotiate and "go again", should the correct movement be achievable. If not, the terms for departure will be set in discussion and the details as they emerge will impact investment, hiring and location decisions. Billionaires will be made from this process, and many millions will be made poorer in the short term. Longer term it depends on whether the UK can use greater sovereignty to greater economic benefit and still find market access. This will be down to the quality of our policymakers and leaders which we return to below.

Large Leave Win

This will be a point of no return and a fast track to exit. This could precipitate a reworking of the entire European Union as it is noticeable that (for all we hear in the media) the UK is **less** Eurosceptic as a nation than France.

Large Remain Win

Markets will be buoyed by a significant amount and normality resumed to valuations across UK facing stocks. Sterling will rise and the Bank Rate will be looked at sooner rather than later. Consumer confidence should rise with the knock on benefits across the real economy. The Prime Minister's political hand will have been strengthened very significantly and we return to what he does with that below.

Narrow Remain Win

This is probably the most likely outcome on the basis of the information we have at present. Of the 382 counting areas it is likely that a majority of them will be for Leave with the overall result buoyed by the weight of London. The map could look more out than in no matter the overall vote. Scotland may tip the balance along with Wales and Northern Ireland leaving England in the EU "against her will". In this, as in all scenarios, our eyes should be on the quality and performance of our leaders, starting with the PM.



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The leadership challenge

In all scenarios the challenge for the Prime Minister and all the leaders across the campaigns and politics will be immense. The country (countries) must be stitched back together starting with the parties. There will be attempts by many to dig trenches between the Remain and Leave camps; the task for all must be to build a bridge.

The background chatter of the enmity between Gove/Johnson and Cameron/Osborne is that it is bitter. Very. Once close friends are now deeply divided. This can be rescued, but it will take the winners to be big people and the losers to act likewise.

The losers in the population must have their view legitimised and taken seriously. This does NOT mean a neverendum but rather a calm acceptance that the negotiated settlement was not enough for many – indeed for millions. Work must be done now to continue to reform Europe and to re-win the case for it for the next generation.

And Scotland?

We are not confident in the argument that a narrow leave vote with a Scottish majority for remain either necessitates or wins the case for another 'Indyref' and a win for 'Yes'. It would be a turbulent backdrop and completely reframe the arguments of 2014. That said, it seems likely that there could be an opportunity for the Scottish Government to secure better outcomes for Scotland in some form both with rUK and the EU depending on what targets they prioritise for trade, migration or inward investment. We don't think First Minister Sturgeon will have any interest in a referendum until there is a clear and consistent majority for both having it and winning it.

The sharp upside reputationally for Scotland is that the country's credentials as an outward looking, business friendly, engaged international trading nation could be enhanced very significantly. The Scottish Government, Civil Service, the Scotland Office and all the country's business interests would do well to take advantage of the opportunity.