

Capital costs

Level: Upper-intermediate +

Time: 90 minutes +

Summary: This lesson is about Brexit: the effects it is already having, and is likely to have in the future, on London, its inhabitants and the businesses situated there, and, in particular, on businesses in the financial centre of the City of London. In this lesson, students:

1. show what they already know about Brexit;
2. study a text on the impact of Brexit on London;
3. simplify a text so it can be understood by learners of English at a level below them;
4. put together and deliver an interesting and informative presentation on Brexit.

Materials: One copy of the worksheet per student

Group size: Any

Note: This lesson plan is for both pre-experience and in-work business students based on an original article first published in *Business Spotlight* issue 4/2018.

Warmer

Students discuss their answers to the warmer questions in small groups, then share their answers with the whole group.

Key:

- a.
Britain + exit = Brexit
- b.
Britain voted in a referendum to leave the European Union. It will exit the EU on 29 March, 2019.
- c.
1. A hard Brexit arrangement would likely see the UK give up full access to the single market and full access of the customs union it has with the EU. It would mean the end of freedom of movement for EU citizens.

2. A soft Brexit would leave the UK's relationship with the EU as close as possible to the existing arrangements. The UK would no longer be a member of the EU and would not have a seat on the European Council and it would lose its MEPs and its European Commissioner but it would keep its access to the European single market.

Headings

Students read the article and write the five missing section headings onto the lines provided (above sections 2–6).

Key:

- | | |
|--------------------------|---------------------------------------|
| 2. <i>Economic costs</i> | 5. <i>Impact on health</i> |
| 3. <i>City of London</i> | 6. <i>Law enforcement and justice</i> |
| 4. <i>House prices</i> | |

Key words

Students read the definitions and find the words in the article before reading through the article and noticing how they are used in context.

Key:

- | | |
|------------------------|------------------------|
| 1. <i>negotiations</i> | 8. <i>divergence</i> |
| 2. <i>withdrawal</i> | 9. <i>brokers</i> |
| 3. <i>resilient</i> | 10. <i>abandon</i> |
| 4. <i>assets</i> | 11. <i>reliant</i> |
| 5. <i>transactions</i> | 12. <i>threat</i> |
| 6. <i>mutual</i> | 13. <i>treaties</i> |
| 7. <i>subsidiaries</i> | 14. <i>contingency</i> |

Understanding the article

Students work together to answer the questions with information from the article.

Key (possible answers):

1. *A hard Brexit will be more expensive as there is a forecasted 9.5% drop in output for the City of London (the UK's financial centre). It is also estimated that a hard Brexit that limits immigration could lead to a 2.1% fall in London's economic output.*
2. *They say that the City (meaning its financial businesses) will benefit in the long term by being able to set its own rules.*

Capital costs

3. Around one third of London-based banks, brokers and asset managers have already moved or plan to move staff to new offices in the EU. Experts do not believe, however, that the whole sector will move away from London.

4. Many people who work in hospitals and in the healthcare sector are citizens of other EU countries. There are 6,000 EU nurses. There are twice as many EU citizens working in London's health service as in other places in the UK so London would be affected more if these people were not allowed to keep their jobs.

5. The sharing of intelligence between countries is essential to fighting terrorist threats but there is uncertainty about the UK's post-Brexit involvement in several European treaties and data-sharing systems and so the Metropolitan Police are currently developing contingency plans for the capital's security.

Collocations

Working in pairs, students match the words to make collocations from the article. Sometimes, more than one combination is possible so tell the students that they are specifically looking for collocations from the article.

They should then find and underline the collocations in the article to check their answers before discussing what each collocation means. They should think of examples that help describe and illustrate the collocations wherever possible. For example, for 'law enforcement', students could suggest: *police (Metropolitan Police in the City of London), National Criminal Intelligence Service (NCIS), border and customs control, immigration control*, and so on.

Key:

- | | |
|------|------|
| 1. e | 5. b |
| 2. h | 6. c |
| 3. g | 7. d |
| 4. a | 8. f |

Extra reading and passing on information

Students read the extra information about Brexit and the special situation in London.

If you have a monolingual class, you could make this into a translation task. Alternatively, students could reword the information to allow them to explain the text to someone whose English knowledge is a level below theirs.

Group presentations

Working in pairs or groups of three, students put together and hold presentations about Brexit and how it is likely to affect London. They should try to use as many of the key words and collocations from the previous tasks as possible. However, they should not just read out the facts and figures. Instead, encourage them to hold a visually attractive presentation that interests and informs their audience.

After students have held their presentations, they could give each other constructive feedback on how successful their presentations were and also offer suggestions on how to improve the presentation and the delivery.

Related topics on onestopenglish

The following Business Spotlight lesson is about Industry 4.0 – also called the Fourth Industrial Revolution – and the role that post-Brexit Britain will play in it.

www.onestopenglish.com/business/business-spotlight/brexit-meets-industry-40/556321.article

Capital costs

1 Warmer

a. Brexit is a combination of which two words?

_____ + _____

b. What is Brexit?

c. What do you understand by the following terms?

1. hard Brexit

2. soft Brexit

Read section 1 to check your answers.

2 Headings

Write these headings on the lines above the relevant sections of the article.

- Impact on health
- Economic costs
- Law enforcement and justice
- City of London
- House prices

Capital costs

3 Key words

Find words in the article that match the definitions below.

1. formal discussions in which people or groups try to reach an agreement, especially in a business or political situation _____ (section 1)
2. the act of no longer being involved in something _____ (section 1)
3. able to stay strong when faced with change or a problem _____ (section 1)
4. something such as money or property that a person or company owns _____ (section 3)
5. the action or process of buying or selling things _____ (section 3)
6. felt or done in the same way by each of two or more groups _____ (section 3)
7. companies that are owned by larger companies _____ (section 3)
8. a difference in the way that two or more things develop from the same thing _____ (section 3)
9. people whose job is to organize business deals for other people, especially related to finance _____ (section 3)
10. leave a place, especially because it is difficult or dangerous to stay there _____ (section 3)
11. depending on someone or something _____ (section 5)
12. a situation or an activity that could cause harm or danger _____ (section 6)
13. official written agreements between two or more countries _____ (section 6)
14. used for describing plans or actions that help you to prepare for possible bad events _____ (section 6)

Capital costs

Capital costs

by Julian Earwaker



How will Brexit affect London in the short term and in the long term? What consequences will it have on the employment market and on the security of the capital city? Julian Earwaker takes a look at the various possibilities.

1 As Britain prepares to exit the European Union on 29 March, 2019, London's future remains uncertain. While experts differ in their opinions about the long-term economic and social impact, most agree that Brexit will mean more risks than opportunities in the short term. London and its financial sector have a strong representation in the ongoing negotiations but much depends on what kind of withdrawal is agreed. A "hard" Brexit will end freedom of movement for EU citizens and see Britain leave the EU single market and customs union. A "soft" Brexit will mean Britain paying to remain in some modified form of these trade agreements. Although London is more resilient than most parts of the UK, Brexit will affect the city in several areas.

2 Figures from the London School of Economics suggest a hard Brexit could cost the capital £100 billion (€113 billion) over five years and mean a 9.5 per cent drop in output for the City of London, costing it £22 billion (€25 billion). A soft Brexit could cost £58 billion (€66 billion). A study by Cambridge Econometrics estimates that limiting immigration to tens of thousands could see London's economic output fall by 2.1 per cent by 2030.

3 London appears confident that it will remain the global and European capital for financial markets. "Leave" supporters say that the City will benefit in the long term by being able to set its own rules. As a result of improved market confidence in Brexit negotiations, forecasts for post-Brexit City job losses have fallen to between 5,000 and 10,000.

More than €1.2 trillion of European assets are currently managed from London and a third of all transactions on its exchanges and in its trading rooms involves EU clients. British companies are aiming for a "mutual recognition"

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scheme but will probably have to settle for "equivalence" via EU subsidiaries, bilateral agreements and freedom of financial services. Otherwise, writes the *Financial Times*, a "selected divergence from EU rules" might be an alternative.

Around one third of London-based banks, brokers and asset managers have already moved or plan to move staff to new offices in the EU. Paris, Dublin, Amsterdam and Frankfurt are ready to take advantage. "It may end up, for quite a lot of them, being a bit less dramatic than it might appear ... I don't think they are saying 'Shall we abandon London?'" says Jeremy Browne, the City of London's EU envoy.

4 A Reuters poll of 33 housing specialists suggests that London house prices will fall by 0.5 per cent in 2018 and rise by just 0.9 per cent in 2019, well below the forecasted rate of inflation.

5 With more than 6,000 EU nurses, London's health service is asking for job guarantees for its EU staff. It is twice as reliant on EU health workers as the rest of the UK. "Many of our hospitals and clinics simply could not function without EU citizens," says Dr Onkar Sahota, chair of the London Assembly Health Committee.

6 Terrorist threat levels in London remain severe to critical, and intelligence gathering is an essential tool in fighting attacks. However, there is uncertainty about the UK's post-Brexit involvement in several European treaties and data-sharing systems, including Europol, the European Arrest Warrant, the Schengen Information System II, EU Passenger Name Records and the European Criminal Records Information System. The Metropolitan Police are developing contingency plans for the capital's security. "Intelligence sharing has never been more important," comments Andrew Parker, head of MI5 intelligence.

JULIAN EARWAKER is a freelance journalist, prison writer-in-residence and book author.

Capital costs

4 Understanding the article

Answer the questions in detail with information from the article.

1. Which will probably be more expensive for London and why – a hard or a soft Brexit?
2. How do Brexit supporters believe that the City of London will benefit from leaving the EU?
3. What does the article tell us about the relocation of jobs in the finance sector?
4. How could a hard Brexit affect London's health service?
5. What challenges does Brexit bring to the security of the UK's capital?

5 Collocations

a. Match these words to make collocations from the article.

- | | |
|-----------------|----------------|
| 1. financial | a. confidence |
| 2. trade | b. rooms |
| 3. economic | c. enforcement |
| 4. market | d. plans |
| 5. trading | e. sector |
| 6. law | f. sharing |
| 7. contingency | g. output |
| 8. intelligence | h. agreements |

b. Find and underline the collocations in the article and note how they are used. Explain what they mean using your own words. Give examples wherever possible.

Capital costs

6 Extra reading and passing on information

Read this extra information about Brexit and the special situation in London. Decide how you would explain it to someone whose English knowledge is not quite as good as yours.

“London is open”

When the votes were counted in all of London’s 33 boroughs after the 2016 Brexit referendum, the result showed that 59.9 per cent had chosen to remain in the EU. Peter Mandler, who teaches British history at Cambridge University, voted “Remain” but the day after the referendum, in a fine example of the British sense of fair play, he explained why people voted “Leave” and he pointed his finger at ... London: “Britain’s EU problem is a London problem. London, a young, thriving, creative, cosmopolitan city, seems the model multicultural community, a great European capital. But it is also the home of all of Britain’s elites – the economic elites of ‘the City’ (London’s Wall Street, international rather than European), a nearly hereditary professional caste of lawyers, journalists, publicists and intellectuals, an increasingly hereditary caste of politicians, tight coteries of cultural movers and shakers richly sponsored by multinational corporations. This has proved to be a toxic combination.”

Following the success of the “Leave” vote, Mayor Sadiq Khan said that all EU citizens living in London were welcome to stay and he supports the #LondonIsOpen campaign to encourage EU businesses and artists to keep coming to the city.

7 Group presentations

Prepare and hold an interesting and informative presentation with the information from the article and the extra reading text. Remember to:

- Include some of the collocations and key words from tasks 3 and 5.
- Make sure that you are able to explain the situation to your audience clearly. Include examples and images – you want to keep your audience’s attention and not bore them!