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Alexandra Bulat  
Jose Javier Olivas Osuna  
Josh De Lyon  
Kuba Jablonowski  
Max Kiefel  
Diane Bolet  
Kira Gartzou-Katsouyanni  
Mary Kaldor

# UNDERSTANDING BREXIT IMPACTS AT A LOCAL LEVEL

## The London Borough of Barnet case study

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## Summary of the project and its objectives

The UK is in a critical juncture with regard to the process of negotiations to leave the European Union. Important discussions are taking place which will shape the future relation between Britain and the EU. The economic analyses published on the issue have, so far, largely failed to grasp the attention of the general public. Most of the discussions about Brexit have focused at a national level and there has been very little evidence-based discussion at a local level. This project aims at stimulating a reflexive participatory research process involving citizens, policy-makers, business people and civil-society representatives. It introduces an innovative methodology that contextualises quantitative data through expert interviews and the analysis of local sources. The reports and discussion panels organised within the framework of the project seek to increase our understanding about the impact of Brexit at a local level.



Barnet Hospital main entrance

Front cover: Hendon Town Hall

# Understanding Brexit impacts at a local level

## London Borough of Barnet case study

This report contributes to the broader research project co-ordinated by the Conflict and Civil Society Research Unit at the London School of Economics and Political Science (LSE).

This study focuses on the perceived impact of Brexit on British local authorities. Five local authority case studies have been selected: **Mansfield, Pendle, Ceredigion, Southampton** and **Barnet**. As the aim of the broader study is to understand the impact of Brexit at the local level, this report is informed chiefly by the qualitative interviews, while the interviews themselves were conditioned by the quantitative impact assessments (see Appendix on page 14) that rely on nation-wide economic data.





# Executive summary

Barnet is the highest populated London borough, with an economy reliant on retail, professional and health services, sectors which tend to employ high numbers of migrant workers. This report details two main local impact areas of Brexit identified for the London Borough of Barnet. The qualitative findings on these impacts broadly mirror the previous quantitative impact studies on these two aspects.

## 1. Impact on public services

As outlined by previous studies at the national level, Brexit may have a strong impact on the recruitment and retention of non-UK EU staff in public services. In Barnet, of particular concern was the NHS, but other services were also mentioned. The experts consulted concurred that Brexit is likely to exacerbate the existing staff shortages identified in Barnet and to create a less welcoming environment for migrants, making it more difficult to recruit EU staff in the future.

## 2. Impact on local businesses

In line with findings from previous studies at the national level, Brexit may have a significant impact on household earnings locally in Barnet, in particular on the disposable

income which is spent on products and services provided by a variety of local businesses. This potential negative impact, seen at least for the short-term economic future, is believed to lead to some local Barnet businesses closing down or having significantly fewer clients after Brexit.

To minimise these potential impacts, the experts and public voices who contributed to this report underlined the importance of:

1. Increasing government spending on public services, in particular for health and social care, and improving work conditions for staff, to retain existing staff and encourage more British-born people to train for these needed jobs;
2. Securing close economic links with the EU, to minimise the economic impact on ordinary families in Barnet, consequently maintaining a similar level of local spending which underpins the success of local businesses;
3. Providing firm guarantees for non-UK EU citizens working across Barnet's local economy sectors and preserving a welcoming environment for migrant workers in the area.





# Introduction

**This report presents evidence collected at the local level in the London Borough of Barnet on the perceived impact of Brexit on public services and local businesses.**

This report is informed by desk research on a variety of local sources,<sup>1</sup> the use of existing quantitative data,<sup>2</sup> nine in-depth interviews with local experts<sup>3</sup> and 20 'vox pops'<sup>4</sup> (short interviews with members of the public).<sup>5</sup> Barnet was selected as an example of an area where a majority voted to remain in the EU, which is marginal in terms of Labour/Conservative support and with a higher EU migrant population than the national average (yet with skill shortages in key local economic sectors). Barnet represents an ideal case study to contextualise previous national studies at the intersections of migration, business, public services and politics at the local level.

The first section of this report describes the local characteristics of the London Borough of Barnet and why the two identified impacts are important for this borough. A second section offers a brief overview of the EU referendum vote in Barnet. The third and fourth sections focus on the two impacts identified, public services and local businesses, contextualising existing quantitative impact studies with the informants' views and local examples.

For both experts and members of the public, the primary concern was the provision of healthcare in the borough after Brexit. With one in ten people in the London Borough of Barnet originally from another EU member state<sup>6</sup>, the recruitment and retention of EU migrant staff in the NHS and social care were identified as key issues. There was a broadly shared assumption that some EU staff has already decided or will imminently decide to leave the UK due to the uncertainty

regarding their family's status after Brexit. Consequently, this is believed to exacerbate the already existing staff shortages, particularly in the local health services. Strict controls on migration after Brexit are seen as negative, especially for the health and social care sectors.

In regard to local businesses, Brexit is expected to have a negative impact on the local economy, at least in the short term. There are concerns that Barnet residents will reduce their spending in the local area (in particular on 'luxury' services, such as employing a gardener or eating out), which will, in turn, affect local businesses. Barnet's two largest industry sectors by employment are wholesale and retail and health and social care. Isolated examples of both impact areas are already seen in Barnet, although there is a consensus that a clear picture cannot be drawn at this stage, as Brexit has not yet been implemented in full. The last section of this report reflects on the challenges ahead for Barnet in the Brexit process, summarising some recommendations from those consulted for this report.

Although broadly there was scepticism in Barnet regarding the benefits of Brexit, some identified the potential of restrictions on freedom of movement resulting in an increase in wages for lower-paid occupations, and new trade deals to result into a more dynamic local business environment. What all interviewees agreed on is the need for more clarity on the Brexit process and how it may impact businesses and communities at the local level in Barnet.

1 The initial desk research involved reading local newspaper articles, notably the *Barnet Times*, Barnet Council documents (such as the Strategic Needs Assessment) and other local Barnet websites and sources.

2 Demographic and economic data provided by the LSE's Centre for Economic Performance (CEP).

3 A variety of political parties and organisations were contacted. The final sample included representatives from: three local political parties (Labour, Green, Liberal Democrat), the active campaign organisation Chipping Barnet for EU, Barnet Hospital and the local UNISON branch. An academic expert in migration in the area and a local business owner were also interviewed. A few informants asked to be kept anonymous, hence in the report, some interviewees will not be quoted by their name.

4 Although experts from a variety of organisations were contacted, due to the timing of this initial report, meetings could not be arranged on time, or no replies were received, despite follow-up. Some initial contacts decided they did not have sufficient expertise on Brexit and refused to be interviewed or recommended someone else to be contacted. Thus, to add more balance to the report, 20 members of the public, with a variety of political opinions, both Leave and Remain supporters, expressed shorter views about the impact of Brexit on Barnet. These 'vox pops' were collected in front of The Spires, one of Barnet's shopping centres.

5 The data informing this report was collected between mid-May and 2 June 2018, with a couple of interviews taking place in July 2018.

6 EU26, excluding Ireland, according to the 2011 Census.

# Background of Barnet

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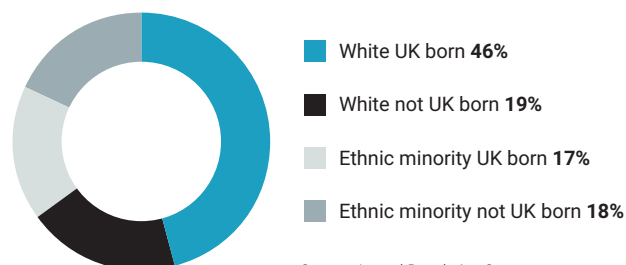
**Local residents frequently describe the London Borough of Barnet as a 'leafy London suburb'. A diverse area both demographically and economically, Barnet represents a case study of a local economy reliant on migrant work which still struggles to meet demands from an ever-increasing population, currently at over 350,000.**

Barnet made the national news after the 2018 local elections, when the Conservatives regained control of the council (previously, it had no overall control for a short period), despite the targeted campaigning visits of well-known Labour politicians such as Sadiq Khan, the Mayor of London, which were widely reported in the Barnet local media.<sup>7</sup> Out of the 63 seats in Barnet, 38 are now Conservative, with Labour holding on to only 25 Council seats. Conservatives also have control at the national level: the local authority of Barnet comprises three UK Parliamentary constituencies, each represented by a Conservative MP (Theresa Villers MP, Mike Freer MP and Matthew Offord MP). Only the MP for Finchley and Golders Green, Mike Freer, sided with the Remain camp during the 2016 EU referendum campaign. Despite Conservative control on the national stage, Labour witnessed an increase in their vote share from 38.4% in the 2015 General Election to 45.2% in the 2017 snap election. UKIP support in general elections is almost non-existent nowadays, with only 0.6% in 2017, significantly decreasing from 5.5% in 2015.

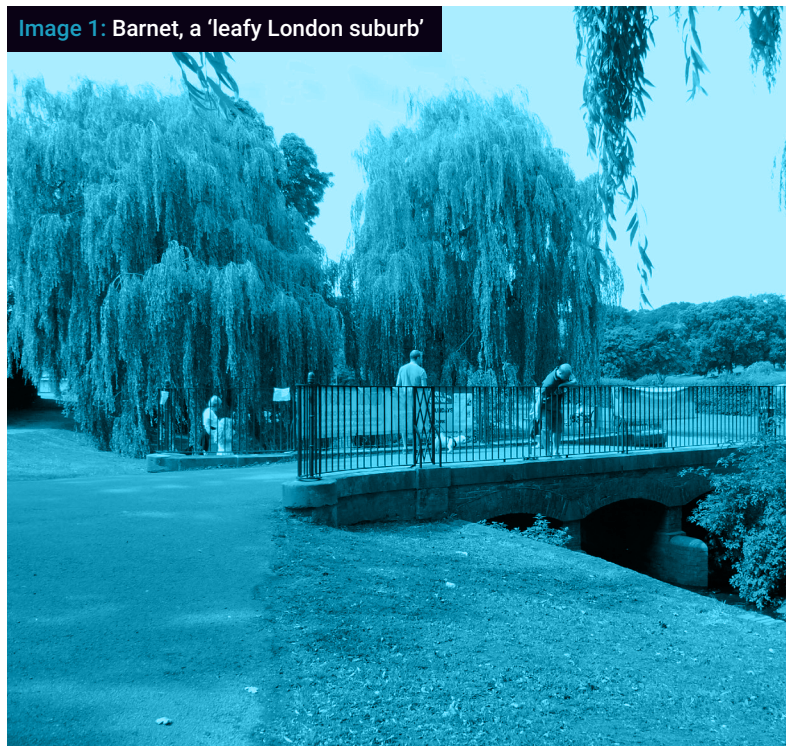
Demographically, Barnet stands out as a diverse area. The borough is known to have the highest Jewish population in England, 15.5% as of 2011, which mainly lives in south Barnet, in areas such as Golders Green. There are also other sizeable ethnic minority groups, and various migrant groups both from inside and outside the EU living in Barnet. According to data from June 2016, only 45.4% of Barnet's population was white UK born. 19.4% of the population describes itself as white non-UK born, a category that fits the majority of migrants coming from another EU country. Indeed, according to the 2011 census, 10.4% of Barnet's population was from an EU country other than the UK and Ireland. The ethnic minority and migrant populations are not evenly distributed in the borough: according

to Barnet Council's report in 2015,<sup>8</sup> more than 50% of residents in some areas in Barnet, such as Colindale, Burnt Oak and West Hendon, come from an ethnic minority background. Moreover, according to 2015 Council data, a majority of small children aged 0–4 years old in Barnet come from ethnic minority backgrounds. Local authority-level data from 2016 also shows that 58.7% of live births in Barnet were to mothers not born in the UK, thus predicting an even more mixed Barnet resident population in the near future.

**Figure 1: Barnet population by ethnicity, 2016**



**Image 1: Barnet, a 'leafy London suburb'**

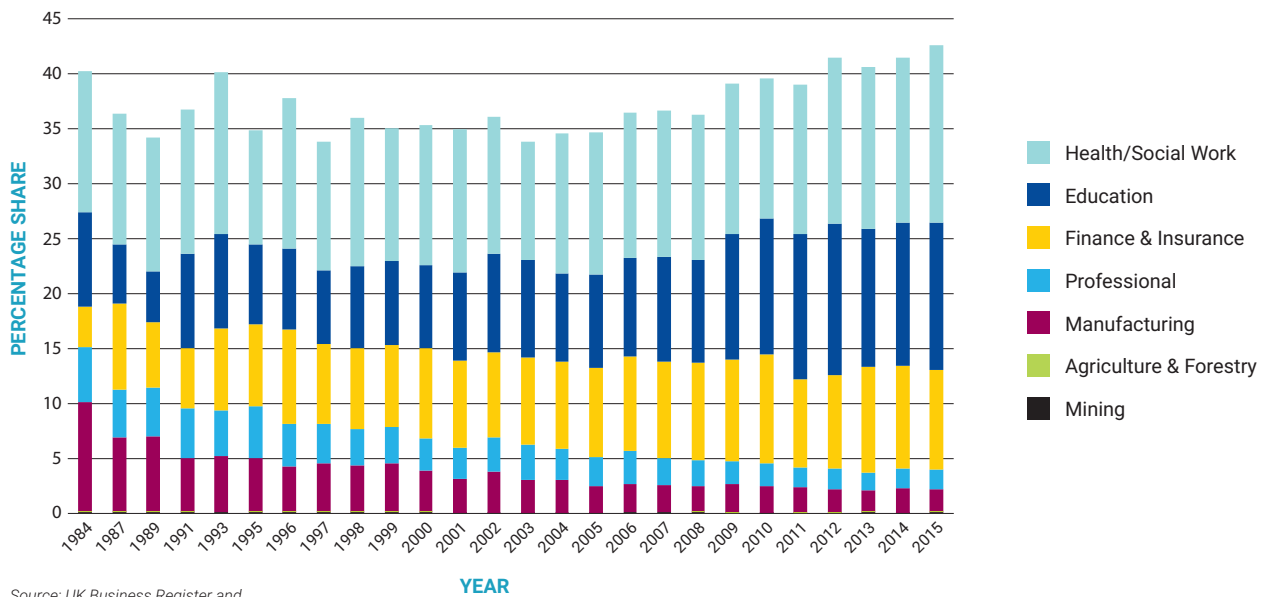


7 Allin S. 2018. Mayor responds to antisemitism row on Barnet visit. *Hendon & Finchley, Barnet & Potters Bar, Edgware & Mill Hill Times*, 16 April.

8 Barnet Council, 2015. *Barnet Joint Strategic Needs Assessment Report*, <https://www.barnet.gov.uk/jsna-home/downloads>.



**Figure 2: Employment share in key industries for Barnet, 1984 to 2015**



Source: UK Business Register and Employment Survey (BRES).

The local presence of EU migrants can be seen through the numerous grocery shops selling products imported from other European countries. According to National Insurance data from 2015/2016, used in the Barnet Council Joint Strategic Needs Assessment report, 'Romanians accounted for 35% of overseas migrations (4,564 nationals), followed by Polish workers who accounted for 7.5%' in Barnet.<sup>9</sup> Although the NINo data does not show the exact number of EU migrants in the area, particularly those who are not in work, they indicate that the largest EU migrant groups are likely to be Romanian and



**Image 3: Polish shop in East Finchley, Barnet**

**Image 2: Map of the London borough of Barnet Ward 2002-present**



Polish. The presence of EU migrants in Barnet attracted media attention as well. For instance, the area of Burnt Oak in Barnet is often referred to as 'Little Romania' in the tabloid press.<sup>10</sup>

Historically, long before the 1980s, Chipping Barnet had been a market town, while the rest of Barnet had focussed on agriculture. Over the past decades, Barnet's local economy has been gradually dominated by professional-type occupations, which is characteristic of London. The diverse population of Barnet is present across the local economy. Although there is no available data of EU migrant workers by industry, the sectors most reliant on ethnic minority labour are: human health and social work, wholesale and retail trade, education and other professional areas<sup>11</sup>. It is also noteworthy that Barnet's manufacturing sector has been replaced by a growing professional services sector since the 1990s.<sup>12</sup> Nevertheless, the finance and insurance sectors, generally employing highly skilled workers, have also declined over time.

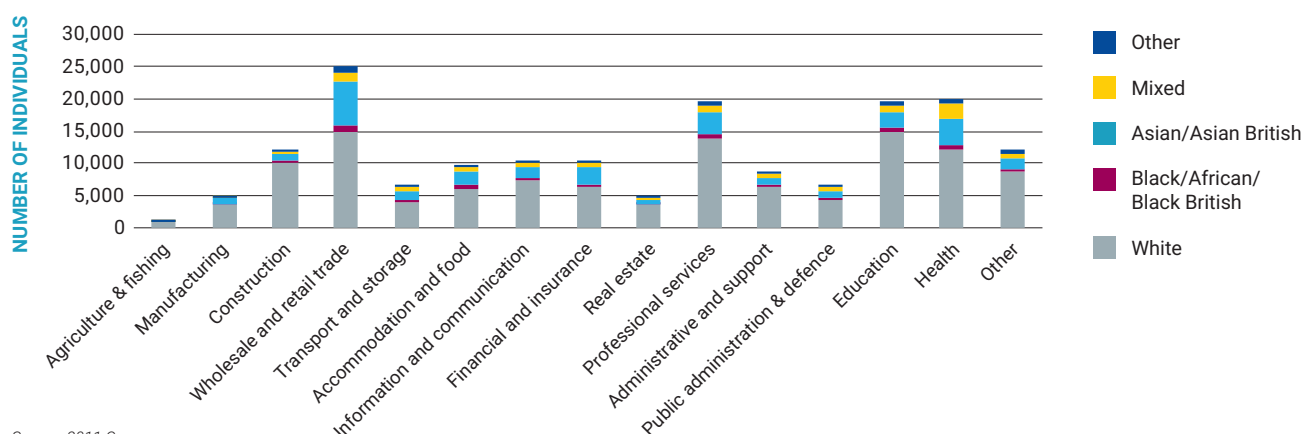
<sup>9</sup> Ibid, 8.

<sup>10</sup> Harrison G. 2018. Inside little Bucharest: How Romanian immigration changed this small London suburb beyond recognition. *The Sun*. 31 May. Available at: <https://www.thesun.co.uk/news/6379368/how-romanian-immigration-changed-this-small-london-suburb-beyond-recognition/>

<sup>11</sup> 2011 Census data.

<sup>12</sup> Occupations in the tertiary sector which require training in the arts and sciences, such as engineers, doctors, lawyers, architects, consultants, etc.

Figure 3: Industry of employment by ethnicity in Barnet, 2011



Source: 2011 Census.

## Barnet and the Brexit vote

**In the 2016 referendum, Barnet voted to remain in the EU with a majority of 62.2%. Entering the historic market town of Chipping Barnet, now a constituency represented by Theresa Villers MP, visitors are welcomed by a sign with a round blue-and-yellow anti-Brexit sticker.**

These stickers are not uncommon in the area – several can be easily spotted on traffic lights, walls or in other public places, showing public dissatisfaction with the Brexit vote.

Regaining the decision-making capacity (sovereignty) is believed to be the primary reason for those who voted Brexit in Barnet. Most interviewees tended to differentiate Barnet from the areas where immigration constituted the dominating referendum issue. Leave supporters, who represented 37.8% of the population in Barnet, are generally seen as Conservative voters who campaigned for a sovereign UK, detached from EU regulations. The consulted experts described Barnet Leave voters as concerned with the international standing of the UK, its ability to sign trade deals around the world and the sovereignty of Parliament, rather than with immigration. However, when reflecting on the migration-related arguments heard during the EU referendum campaign in Barnet, campaigners observed that, when immigration was mentioned, 'it was about all migration', and sometimes even only about non-EU migration, rather than

ending the EU freedom of movement.<sup>13</sup> This relates to the findings presented in a recent LSE Brexit blog post showing how Leave supporters are more opposed to non-EU rather than EU migration.<sup>14</sup> Although existing literature has underlined the importance of identity behind the Leave vote, this picture is perhaps not as straightforward in the case of Barnet. One possible explanation is the history of Barnet as a diverse area, whereas the literature emphasises that it is the rapid change of ethnic diversity, rather than established levels of migration, that creates the context for negative attitudes towards migration.<sup>15</sup> The Brexit vote in Barnet was an 'active rebellion' against the status quo and a belief that the UK was 'better off outside'<sup>16</sup>. The only ward in Barnet which voted a majority to leave the EU was Labour-held, one of the most 'white and working class', but, generally speaking, the Leave voters that campaigners spoke to during the EU referendum campaign in Barnet were not predominantly Labour supporters.<sup>17</sup> At the same time, the interviewees stressed that there are Conservative voters in Barnet who are vocally opposed to Brexit.

<sup>13</sup> Interviews with Nik Haidar, Chipping Barnet for EU, and Nathan Wade, Green Party.

<sup>14</sup> Hix S., Kaufmann E. and Leeper T. 2017. British voters prefer EU to non-EU migrants. *LSE Brexit Blog*. 5 June. Available at: <http://blogs.lse.ac.uk/brexit/2017/06/05/uk-voters-including-leavers-care-more-about-reducing-non-eu-than-eu-migration/>.

<sup>15</sup> Kaufmann E. 2017. Levels or changes? Ethnic context, immigration and the UK Independence Party vote. *Electoral Studies*, 48, pp. 57-69.

<sup>16</sup> Interview with Sachin Patel, Liberal Democrat candidate, 14 May 2018.

<sup>17</sup> Interview with Adam Langleben, ex-Labour councillor who lost his seat in the 2018 election, 16 May 2018.





Image 4: The round sticker in blue and yellow EU flag colours sends visitors a strong anti-Brexit message

In addition to sovereignty, those consulted tended to agree that the Leave vote was a mix of contextual factors alongside individual reasons: the rejection of facts and experts (partly due to fact fatigue, i.e. the Remain campaign focused on economic data rather than appealing to voters' emotions) and the overarching context of Euroscepticism, promoted in particular by the popular press. These observations are in line with the findings of an academic study at the LSE Centre for Economic Performance (CEP),<sup>18</sup> showing how the public tends to believe that EU membership solely benefits the elites. The rejection of expertise by the general public has been documented in other academic studies as well.<sup>19</sup> A number of the 'local experts'

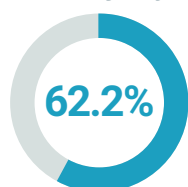
in Barnet, including the academic consulted for this report, rejected the term 'expert' and questioned the usefulness of this concept, particularly in fostering knowledge dissemination to the wider public.

## Socio-economic impacts of Brexit on Barnet

### Public services

Brexit is expected to have a negative impact on Barnet's public services, at least in the short term. The impact of Brexit on public services is closely linked with the impact on migration. This seems to be part of a wider trend. Several recent studies have drawn attention to the pressures the NHS and social care face nationally. 'Safe and effective staffing' is a key priority and the 37,000 EU nurses working in the NHS are essential<sup>20</sup>. But the health sector is likely to seriously struggle if the UK chooses to impose restrictions on EU migration.<sup>21</sup> By way of illustration, in 2017, the top three non-UK EU countries of origin for registered and licensed doctors in the UK were Ireland (241), Greece (169) and Romania (164).<sup>22</sup> Experts have been arguing

In the 2016 referendum, Barnet voted to remain in the EU with a majority of



IRELAND	241
GREECE	169
ROMANIA	164

The top three non-UK EU countries of origin for registered and licensed doctors in the UK (2017)

<sup>18</sup> Breinlich H., Leromain E., Novy D. and Sampson T. 2017. The Brexit Vote, Inflation and UK Living Standards. *CEP Brexit series: Paper No. 11*. Available at: <http://cep.lse.ac.uk/pubs/download/brexit11.pdf>.

<sup>19</sup> Clarke J. and Newman J. 2017. 'People in this country have had enough of experts': Brexit and the paradoxes of populism. *Critical Policy Studies*, 11, pp. 101–116.

<sup>20</sup> Helm C. and Bungereth L. 2017. Safe and Effective Staffing: the Real Picture. *Royal College of Nursing UK Policy Report*, 9.

<sup>21</sup> Griffiths P. and Ian N. 2018. The impact of 'Brexit' on nursing and health services: Editorial debate. *International Journal of Nursing Studies*, 77, pp. A1-A2.

<sup>22</sup> Raghuram P. 2018. International Health Service: how the NHS has always relied on overseas labour. *LSE Brexit Blog*, 25 June. Available at: <http://blogs.lse.ac.uk/brexit/2018/06/25/international-health-service-how-the-nhs-has-always-relied-on-overseas-labour/>.





Image 5: Barnet Hospital



Image 6: Carlton Court care home

that, with one in ten NHS doctor posts vacant, the future immigration schemes must give priority to NHS staff.<sup>23</sup> This impact also applies to a range of other public services.

The Office for National Statistics showed that overall EU net migration has fallen, with fewer EU27 citizens coming to the UK and the number leaving the UK increasing; in particular, the number of those coming 'looking for work' in the UK has decreased.<sup>24</sup> The effects on NHS staff are already seen, as a Brexit UK becomes less attractive for EU nurses. This

is reflected by the number of applications to join the UK's nursing register, which dropped by 92% between May 2016 and May 2017. This means that applications from nurses decreased 'from over 1000 per month to fewer than 100 at a time when some sources estimate that the NHS has 40,000 registered nurse vacancies in England alone'.<sup>25</sup> It was precisely these 'health service recruitment pressures' that prompted the recent decision of the Home Secretary Sajid Javid to lift the immigration cap for Tier 2 visas for non-EU doctors and nurses.<sup>26</sup> If this trend continues and an adequate number of local staff is not timely trained, the impact of Brexit on public services in Barnet is expected to be negative.

The experts consulted agreed that Brexit would affect local services, in particular the hospitals and care homes in Barnet. Recruitment and retention of staff are issues which have been known locally since before the referendum, according to Barnet Council's Strategic Needs Assessment Report published in 2015. The recruitment and retention of staff in various sectors, notably social care, have been difficult in Barnet.<sup>27</sup>

Voices from the general public also agreed that Brexit would have a negative impact on recruitment and retention of healthcare staff in Barnet:<sup>28</sup> in June 2018, a public 'Brexitometer' situated in Barnet High Street showed the concerns of the local population. The vast majority disagreed with the statement: 'Brexit will be good for the NHS'. When asked to detail their views, the public voices mentioned the pressures on the NHS in terms of funding and availability of staff, often with reference to their personal experiences using the services in Barnet.

This potential negative impact of Brexit is felt across all NHS jobs. In the Barnet Hospital, EU migrants work in a variety of roles, from consultants to cleaning staff. The NHS needs migrant workers because there are not enough doctors trained in the UK. In addition, a career as a doctor is seen as less attractive nowadays due to changes in working patterns and the cost of university/training as a health professional.<sup>29</sup> Brexit is also negatively affecting the perceptions and expectations of prospective NHS workers and thus reducing the demand for positions in certain areas of the UK. As one EU doctor working in Barnet Hospital underlined, while she and her EU colleagues feel comfortable and do not experience discrimination, she

23 Simpkin V. 2016. With 1 in 10 posts already vacant, the NHS can't afford to lose EU-born doctors. *LSE Brexit Blog*. 28 October. Available at: <http://blogs.lse.ac.uk/brexit/2016/10/28/with-1-in-10-posts-already-vacant-the-nhs-cant-afford-to-lose-eu-born-doctors/>.

24 Office for National Statistics, 2018. *Migration Statistics Quarterly Report*. 22 February. Available at: <https://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/internationalmigration/bulletins/migrationstatisticsquarterlyreport/february2018>.

25 Ibid, 16.

26 Grierson J., Campbell D. and Walker P. 2018. 'Immigration cap on doctors and nurses to be lifted to relieve NHS', *The Guardian*. 14 June. Available at: <https://www.theguardian.com/society/2018/jun/14/sajid-javid-confirms-cap-on-foreign-doctors-and-nurses-will-be-lifted>.

27 Ibid, 8.

28 Based on 17 vox pops collected in front of The Spires, Barnet, 2 June 2018.

29 Interview with Barnet Hospital doctor, 27 June 2018.



would expect a different situation in areas with a high Brexit vote, situated outside of the 'London bubble'. Moreover, uncertainty over migration policy after Brexit may aggravate the problem: 'no one would come to work if it's not clear what will happen in one year's time'.<sup>30</sup>

While 373 EU27 nurses and doctors have left the Barnet NHS Trust since the EU referendum in 2016, only 65 of these people went abroad either to an EU or non-EU country for work.<sup>31</sup> While those interviewed had anecdotal evidence of EU27 friends and neighbours leaving their jobs in Barnet after the referendum, it is still unclear how much of the current recruitment and retention problem can be explained in terms of Brexit impact. Nevertheless, the local NHS, due to its staffing shortage, cannot afford to lose any workers at all, particularly if they are not going to be replaced. The doctor interviewed for this report, having worked in London for more than a decade, stated that she has 'never seen the NHS in such a bad state' and any staff loss would be detrimental to running essential services. The

experts consulted thought there are far fewer EU migrants coming to work in Barnet, mirroring the official national statistics showing the drop of net EU migration. If migrants feel 'undervalued and unwanted', they would be more likely to leave the NHS.<sup>32</sup>

Although the main concern was the NHS, other public services were also pointed out as potentially affected by Brexit. Social care was often discussed alongside the NHS as facing similar issues with overstretched staff and shortages of workers. Social care was thought to be even more reliant on EU workers than the NHS, with social care jobs more challenging to fill because of their difficult, low-paid and less desirable status.<sup>33</sup> For example, au pair work was also seen as being at risk. Two French au pair workers based in Barnet<sup>34</sup> stated that their host families spent a long time finding an au pair before they arrived, because fewer people apply, as the UK is not such an attractive destination as it was before 2016. Although they feel 'at home' and welcome in Barnet, they understand why some people

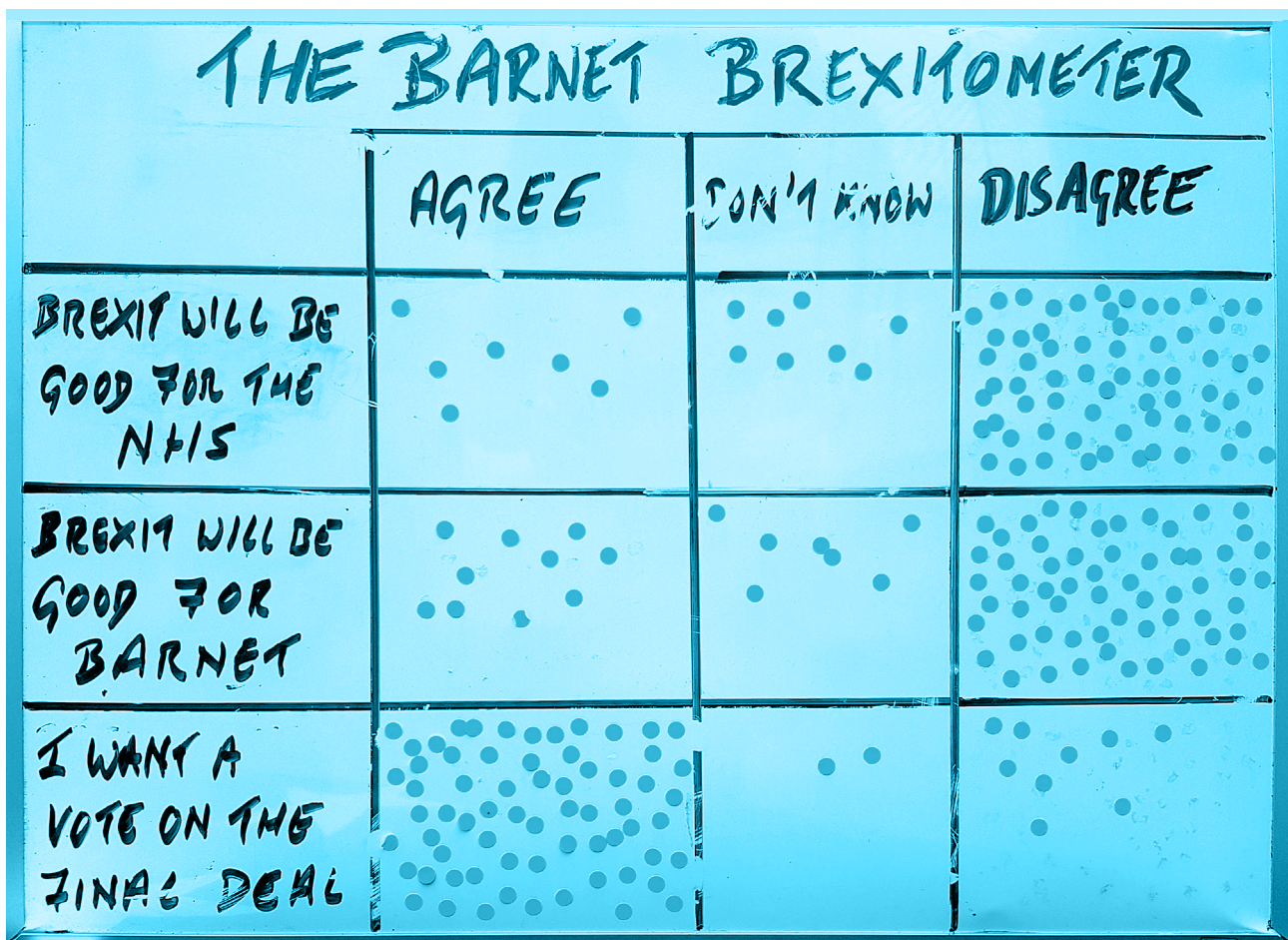


Image 7: Barnet 'Brexitometer', 2 June 2018, Barnet High Street

<sup>30</sup> Ibid, 29.

<sup>31</sup> Freedom of Information Request from Chipping Barnet in EU, 21 May 2018.

<sup>32</sup> Vox pop 9 with a nurse working in the Barnet NHS.

<sup>33</sup> Interview with Barnet Hospital doctor, but also reflected in most interviews.

<sup>34</sup> Vox pops 11 and 12, 2 June 2018.



**Image 8: The Spire, one of the main shopping points in Barnet, situated on Barnet High Street**

would think twice before migrating in the current context, particularly when seeing the reports of the rise in hate crime recorded since the Brexit vote.<sup>35</sup> The experiences of the French au pair workers interviewed in Barnet are in agreement with recent reports from the British Au Pair Agencies Association (BAPAA) showing a '75% slump in the number of young Europeans willing to work as au pairs'. Brexit, alongside the recent terrorist attacks, are stated as factors deterring au pair applications.<sup>36</sup>

Other jobs at risk were related to Council services. For instance, the difficulty in recruiting administrative staff was pointed out by those interviewed who worked or currently work with the Council. Moreover, a UNISON representative for Barnet, who also identified staff shortage as a key concern after Brexit, stressed that the waste and recycling services could be severely affected after Brexit, because there is a large proportion of East European workers in these jobs, who are uncertain about their status. Overall, the local government services are already subject to staff shortages and face difficulties in recruitment. Further legal limitations to the ability of migrant workers to come to Barnet, compounded by the perceived unwelcoming environment for migrants, could further widen the gap between labour demand and supply and impact Barnet in a negative way.<sup>37</sup> Although studies show

the preference for highly skilled over lower-skilled migration,<sup>38</sup> the insights from Barnet presented in this section show how migrants are needed across skill categories. If Brexit impacts the status of migrants already living in Barnet and discourages others from coming to this borough, this could create a negative impact across public services.

## Local businesses

Brexit is expected to have a negative impact on different kinds of local businesses in Barnet, particularly in the short term. Restaurants, retail and businesses providing 'luxury' services are amongst the most likely to be affected, due to an expected decrease in the amount of income Barnet residents will be able to spend after Brexit. An LSE study by CEP calculated that the 'Brexit vote was costing the average household £7.74 per week through higher prices' by June 2017, or £404 per year, due to the 1.7 percentage points increase in inflation.<sup>39</sup> Another study by the LSE showed how the 'living standard of every income group would be lower after Brexit due to these

**£7.74**  
PER WEEK

**Brexit vote costing the average household £7.74 per week through higher prices**

LSE study by CEP

<sup>35</sup> See Bulman M. 2017. Brexit vote sees highest spike in religious and racial hate crimes ever recorded. *The Independent*, 7 July. Available at: <https://www.independent.co.uk/news/uk/home-news/racist-hate-crimes-surge-to-record-high-after-brexit-vote-new-figures-reveal-a7829551.html>.

<sup>36</sup> Jones R, 2018. Au pair shortage sparks childcare crisis for families. *The Guardian*. 9 June. Available at: <https://www.theguardian.com/money/2018/jun/09/au-pair-shortage-prompts-crisis-for-families>.

<sup>37</sup> Interview with Hugh Jordan, UNISON representative, 2 July 2018.

<sup>38</sup> Hainmueller J. and Hiscox M. J. 2007. Educated preferences: explaining attitudes toward immigration in Europe. *International Organisation*, 61, pp. 399-442.

<sup>39</sup> Ibid, 15.



higher prices'.<sup>40</sup> In addition, areas in the South of England and urban environments, such as Barnet, were predicted to be impacted more negatively by Brexit than other areas, under both 'soft' and 'hard' Brexit scenarios. The LSE study making this prediction justifies the impact based on the fact that those areas are specialised in sectors which tend to be impacted more by Brexit. For example, a potential increase in tariffs may reduce trade, directly impacting the jobs in the wholesale and retail trade industry, the largest industry by employment in Barnet.<sup>41</sup> The jobs most at risk nationally were identified in a policy briefing as administration and support services, closely followed by retail and wholesale trade,<sup>42</sup> jobs which are widespread in areas such as Barnet, especially on the high street. Considering these impact studies, the experts consulted thought that Brexit would negatively impact Barnet's economy, at least in the short term. Nevertheless, some considered that the impacts may be overestimated, and others commented that those economic impacts are impossible to be established with precision at this stage. Although there are several programmes supported by EU funds in Barnet,<sup>43</sup> those interviewed chose to focus on the broader business environment in relation to the economy and prices, rather than being specific on the impact of EU funding in Barnet.

The main reason for which Brexit was thought to be potentially negative for Barnet's businesses is the expected decrease in ordinary people's spending power after Brexit. If the prices of essential products, such as food, rise after Brexit and salaries stagnate, Barnet residents will have less money left to spend on what some of the experts branded as 'luxury goods and services', such as eating out at a restaurant, going shopping as frequently as now, employing a cleaner, a gardener or using another service that generally tends to be provided by small, locally-owned businesses or self-employed people. Given that the average personal income in Barnet is £49,000 per annum, higher than the London average of £46,700 per annum, it is expected residents have more disposable income to spend on these types of goods and services than in other areas in London or across the UK, where the average personal income is much lower.<sup>44</sup>

The expected decrease in spending power after Brexit is likely to negatively affect small businesses. By way of illustration, a gardening business owner thought that his business will suffer because the clients will have less money to spend due to increased prices on essential goods and services after Brexit. Paying for gardening services is an illustrative example of one type of expenditure that people would cut from their budget, if faced with a more difficult personal economic situation. The gardener, in a similar way as the restaurant manager or the beauty technician, will then be unable to increase the prices for their services, for fear of losing regular clients, even though the costs of the tools and materials they use may increase. This type of scenario was described as a 'lose-lose situation' by those consulted: Barnet residents having access to fewer services, while local entrepreneurs are faced with a less business-friendly environment locally.<sup>45</sup>

For similar reasons, several interviewees pointed at the likelihood that Barnet High Street will be affected after Brexit. The impact on retail and restaurants is usually also intersected with the provision of migrant workers, and concerns about recruitment and retention of staff arise in this respect. For example, the restaurant Prezzo closed down almost 100 branches in the UK. Brexit was linked to the closures of various restaurants, because of the fall in the value of the pound since



**Image 9:** EU-funded CALM programme in Barnet, 'supporting 16-24 year olds into education, traineeships, apprenticeships and employment'

40 Breinlich H., Dhingra S., Sampson T. and Van Reenen J. 2016. 'Who Bears the Pain? How the costs of Brexit would be distributed across income groups'. *CEP Brexit series: Paper No. 7*. Available at: <http://cep.lse.ac.uk/pubs/download/brexit07.pdf>.

41 Dhingra S., Machin S. and Overman H. G., 2017. *The Local Economic Effects of Brexit*. *CEP Brexit series: Paper No. 10*. Available at: <http://cep.lse.ac.uk/pubs/download/brexit10.pdf>.

42 Los B., Chen W., McCann P. and Ortega-Argiles R. 2017. An Assessment of Brexit Risks for 54 Industries: Most Services Industries are also Exposed. *City-REDI Policy Briefing series*. Available at: [https://blog.bham.ac.uk/cityredi/wp-content/uploads/sites/15/2018/01/City-REDI-Briefing-Template\\_Sectoral-Analysis.pdf](https://blog.bham.ac.uk/cityredi/wp-content/uploads/sites/15/2018/01/City-REDI-Briefing-Template_Sectoral-Analysis.pdf).

43 One visibly advertised example in Barnet is the EU-funded Campaign Against Living Miserably (CALM) programme, aiming to support 16-24-year olds into education, traineeships, apprenticeships and employment.

44 Data from the Survey of Personal Incomes 2015-2016, HMRC. Dataset available at: <https://www.telegraph.co.uk/money/consumer-affairs/do-earn-less-average-borough/>.

45 Interview with local gardening business owner, 14 June 2018, and other experts voicing similar concerns.

the EU referendum vote and the rising costs of imports.<sup>46</sup> One of the closed Prezzo branches was situated in High Barnet, becoming a real example of how the local area is impacted by business decisions that are linked to Brexit.<sup>47</sup> Concerns such as the uncertain business environment, potential issues with staff supply and decreased spending in the area were cited by the experts interviewed to argue why Brexit could be negative for Barnet's high streets. This echoes recent reports indicating that high street sales are falling nationally.<sup>48</sup> Brexit is seen in this context as an aggravating factor, although it may not always be the trigger of such negative economic impacts.

Finally, it is noteworthy that, unlike with public services, where even Brexit-supporting informants did not assess the current situation as positive, in the case of local businesses, some benefits were associated with an EU exit. First, with lower numbers of migrant workers in usually low-paid jobs (such as in shops and restaurants), the potential of an increase in wages for the low-paid British workers in Barnet was envisaged.<sup>49</sup> The idea that 'the EU keeps wages low' was echoed by some members of the public<sup>50</sup> who sided with Leave in the referendum. The 'endless supply' of labour from EU migrant workers, in their view, results in lower wages for the most vulnerable in the Barnet community. What Brexit would achieve in this sense is higher wages for low earners, due to decreased competition from EU migrants, and employers consequently being forced to increase wages to attract British workers. Second, some members of the public underlined that if advantageous trade deals with the rest of the world are put in place, the local businesses will be booming, even though that would mean replacing some EU businesses operating in the area with new 'global businesses'. Nevertheless, even those vocally supporting Leave mentioned that 'it's too late'<sup>51</sup> for the expected positive aspects of Brexit to be materialised in full in Barnet because negotiations are seen to be delayed and counterproductive.

46 See Musaddique S. 2017. Brexit: 20% of UK restaurants at risk of going bust, finds study. *The Independent*. 30 October. Available at: <https://www.independent.co.uk/news/business/news/brexit-latest-news-uk-restaurants-closing-bust-20-per-cent-leave-eu-a8023576.html>.

47 Interview with Nik Haidar, 18 May 2018.

48 Butler S. 2018. UK high street sales fall for fifth month running. *The Guardian*. 6 July. Available at: [https://www.theguardian.com/business/2018/jul/06/uk-high-street-sales-fall-for-fifth-month-running?CMP=share\\_btn\\_link](https://www.theguardian.com/business/2018/jul/06/uk-high-street-sales-fall-for-fifth-month-running?CMP=share_btn_link).

49 Vox pops with Barnet residents in lower paid jobs, who voted to Leave, 2 June 2018.

50 Vox pops with Leave supporters on Barnet High Street, 2 June 2018.

51 Vox pop 4 with Leave voter, 2 June 2018.



# Challenges Ahead

**Overall, the analysis on the impacts on public services and local businesses in Barnet shows that, at least in the short term, Brexit is not expected to improve Barnet economically or socially.**

Brexit is considered likely to exacerbate already existing skills shortages in key areas in Barnet, notably in the NHS and social care, impacting local communities in a negative way. In addition, the expected inflation after Brexit, partly associated with increased tariffs in imports, is assumed to translate into less spending on local businesses, both on essential and non-essential goods and services, but particularly on the high street. Both local services and businesses employ a high proportion of EU migrant workers, more than in other parts of the UK, whose status is uncertain, with the proposed 'settled status' application system for EU migrants to secure their rights after Brexit not having been implemented and translated into primary legislation yet.

To minimise the perceived impacts on both local services and businesses, the experts agreed that a 'good Brexit' would deliver a new immigration policy that prioritises economic need at the local level, rather than the fulfilment of rigid quotas nationally. As suggested in previous studies on the impact of Brexit, offering certainty on the rights of EU citizens is a crucial consideration to mitigate against the shortage of staff in the NHS and elsewhere.<sup>52</sup> Securing the mutual recognition of qualifications after Brexit is also crucial, so that EU staff trained elsewhere could continue working in the key sectors. On local services, and particularly the NHS, increasing government spending in these sectors and improving work conditions for staff were recommended in order to retain existing staff and encourage a new generation of British workers to train for these essential jobs. With regards to business, all those consulted agreed that prioritising local business interest is paramount in maintaining a diverse local economy in Barnet. The solutions given ranged from securing access to the EU's Single Market, to a free trade agreement with the EU, a 'Norway style' model and a 'Common Market' like the one preceding the EU.<sup>53</sup> However, the idea uniting all solutions offered by those interviewed was

rooted in minimising the perceived negative economic impact on ordinary families in Barnet, which will then maintain the current levels of spending at the local level, protecting local businesses.

Finally, the importance of local-level impact assessments and planning was underlined, with none of those interviewed considering that the Brexit negotiations are representing Barnet's interests. For the communities living in Barnet, 'it's not about Britain and Europe', but 'about Barnet High Street and All Saints' School, about local issues'.<sup>54</sup> For ordinary citizens to understand the implications, both positive and negative, that Brexit could have for their local communities, 'impact' needs to be translated at the local level. This first report, and the local debates to follow, aim to fill in this gap in knowledge dissemination.



**Image 10: Brexit is likely to exacerbate skills shortages within the NHS and social care in Barnet**

<sup>52</sup> McKee M. 2018. Empty promises. What will Brexit really mean for nurses and the British National Health Service? *International Journal of Nursing Studies*, 77, pp. A4-A5.

<sup>53</sup> This idea appealed particularly to the Leave-supporting members of the public interviewed.

<sup>54</sup> Interview with Nik Haidar, 18 May 2018.



# Appendix

## Appendix 1: Sociodemographic/voting/economy

Local Authority	Data source	Barnet	Ceredigion	Mansfield	Pendle	Southampton	Country	(countries included)
Electorate in Brexit referendum	Electoral Commission	223467	53400	77624	64534	158171	46500001	United Kingdom
Number of valid votes in Brexit referendum	Electoral Commission	161033	39742	56344	45335	107665	33551983	United Kingdom
Percentage voting remain in Brexit referendum	Electoral Commission	62.2%	54.6%	29.1%	36.9%	46.2%	48.1%	United Kingdom
Percentage voting leave in Brexit referendum	Electoral Commission	37.8%	45.4%	70.9%	63.2%	53.8%	51.9%	United Kingdom
CEP estimate for soft Brexit effect (% of GVA)	CEP	-1.5%	-1.2%	-1.4%	-1.2%	-1.2%	-1.3%	United Kingdom
CEP estimate for hard Brexit effect (% of GVA)	CEP	-2.2%	-1.5%	-2.0%	-1.4%	-1.9%	-2.7%	United Kingdom
Percentage of live births to mothers not born in the UK	ONS	58.7%	11.1%	17.1%	28.9%	34.8%	26.9%	United Kingdom
Percentage non-British	ONS	20.8%	4.0%	7.6%	6.7%	19.7%	9.3%	United Kingdom
Percentage non UK born	ONS	39.0%	6.7%	8.6%	8.9%	22.9%	14.1%	United Kingdom
Percentage born in UK, 2011	2011 Census	61.1%	94.0%	94.4%	89.1%	82.4%	86.6%	England and Wales
Percentage born in other EU countries, 2011	2011 Census	10.4%	2.6%	3.5%	2.3%	6.7%	4.3%	England and Wales
Percentage white UK born	APS	45.5%	92.5%	86.8%	80.4%	74.8%	79.7%	United Kingdom
Percentage white not UK born	APS	19.4%	4.4%	6.2%	4.7%	11.8%	6.8%	United Kingdom
Percentage ethnic minority UK born	APS	17.2%	0.9%	2.0%	6.4%	3.8%	6.5%	United Kingdom
Percentage ethnic minority not UK born	APS	18.0%	2.3%	5.0%	8.5%	9.6%	7.0%	United Kingdom
Employment share: Agriculture, forestry & fishing	BRES	0.0%	1.7%	0.0%	0.1%	0.0%	1.6%	Great Britain
Employment share: Mining, quarrying & utilities	BRES	0.2%	0.8%	0.7%	0.7%	0.5%	1.2%	Great Britain
Employment share: Manufacturing	BRES	2.3%	4.2%	9.8%	28.1%	3.4%	7.9%	Great Britain
Employment share: Construction	BRES	6.1%	5.8%	7.3%	4.7%	3.0%	4.7%	Great Britain
Employment share: Motor trades	BRES	1.3%	1.7%	2.4%	1.9%	1.7%	1.8%	Great Britain
Employment share: Wholesale	BRES	3.0%	2.0%	4.3%	3.9%	2.6%	3.9%	Great Britain
Employment share: Retail	BRES	11.4%	10.0%	12.2%	10.9%	9.4%	9.5%	Great Britain
Employment share: Transport & storage (inc postal)	BRES	3.0%	2.3%	2.2%	2.2%	6.8%	4.8%	Great Britain
Employment share: Accommodation & food services	BRES	6.8%	13.3%	6.1%	7.0%	6.8%	7.4%	Great Britain
Employment share: Information & communication	BRES	4.5%	1.3%	1.5%	3.9%	6.0%	4.1%	Great Britain
Employment share: Financial & insurance	BRES	1.9%	0.8%	1.5%	1.4%	3.0%	3.5%	Great Britain
Employment share: Property	BRES	4.5%	1.5%	0.9%	1.4%	1.5%	1.7%	Great Britain
Employment share: Professional, scientific & technical	BRES	11.4%	3.3%	4.3%	3.9%	5.1%	8.7%	Great Britain

Local Authority	Data source	Barnet	Ceredigion	Mansfield	Pendle	Southampton	Country	(countries included)
Employment share: Business administration & support services	BRES	8.3%	2.0%	12.2%	4.7%	12.0%	8.8%	Great Britain
Employment share: Public administration & defence	BRES	3.4%	6.7%	4.3%	2.5%	4.3%	4.2%	Great Britain
Employment share: Education	BRES	11.4%	20.0%	8.5%	9.4%	12.0%	8.6%	Great Britain
Employment share: Health	BRES	15.2%	13.3%	14.6%	10.9%	17.1%	13.0%	Great Britain
Employment share: Arts, entertainment, recreation & other services	BRES	5.3%	5.0%	4.3%	2.5%	3.8%	4.6%	Great Britain
Percentage with NVQ level 4+, aged 16-64	APS	54.0%	31.4%	17.5%	21.5%	36.0%	38.4%	United Kingdom
Percentage with no qualifications, aged 16-64	APS	5.5%	7.6%	11.2%	9.1%	7.4%	8.0%	United Kingdom
Population, 2017	APS	389,700	74,800	105,800	89,700	250,900	65,114,500	United Kingdom
Social Mobility Index (ranking out of 324)	Social Mobility Index	9	Not available	315	144	247	Not applicable	Not applicable
General Election 2015: Percentage Conservative	Electoral Commission	49.5%	11.0%	28.2%	47.2%	39.7%	36.8%	United Kingdom
General Election 2015: Percentage Labour	Electoral Commission	38.4%	9.7%	39.4%	34.9%	19.1%	30.4%	United Kingdom
General Election 2015: Percentage UKIP	Electoral Commission	5.5%	10.2%	25.1%	12.2%	12.8%	12.6%	United Kingdom
General Election 2015: Turnout	Electoral Commission	68.0%	69.0%	60.9%	68.8%	63.4%	66.4%	United Kingdom
General Election 2017: Percentage Conservative	Electoral Commission	47.1%	18.4%	46.6%	49.0%	42.8%	42.4%	United Kingdom
General Election 2017: Percentage Labour	Electoral Commission	45.2%	20.2%	44.5%	46.2%	47.7%	40.0%	United Kingdom
General Election 2017: Percentage UKIP	Electoral Commission	0.6%	1.5%	5.3%	0.0%	1.0%	1.8%	United Kingdom
General Election 2017: Turnout	Electoral Commission	70.5%	73.3%	64.5%	69.0%	67.1%	68.8%	United Kingdom
Price level, 2016 (regional, relative to UK index of 100)	ONS	107.2	98.1	99.6	98.8	101.5	100.0	United Kingdom
House price, 2017 (mean transaction price)	Land Registry	£691,914	£224,337	£148,961	£114,441	£268,534	£345,715	England and Wales

## Notes

Employment by ethnicity data is obtained from Nomis but is not included here due to space constraints.

Electoral commission data for the EU referendum is available at <https://www.electoralcommission.org.uk/find-information-by-subject/elections-and-referendums/past-elections-and-referendums/eu-referendum/electorate-and-count-information>.

The Centre for Economic Performance (CEP) paper is available at <http://cep.lse.ac.uk/pubs/download/brexit10.pdf>.

The ONS migration data is available at: <https://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/migrationwithintheuk/datasets/localareamigrationindicatorsunitedkingdom>.

Data from the Census, Annual Population Survey (APS), and Business Register and Employment Survey (BRES) are available at Noms: <https://www.nomisweb.co.uk/>

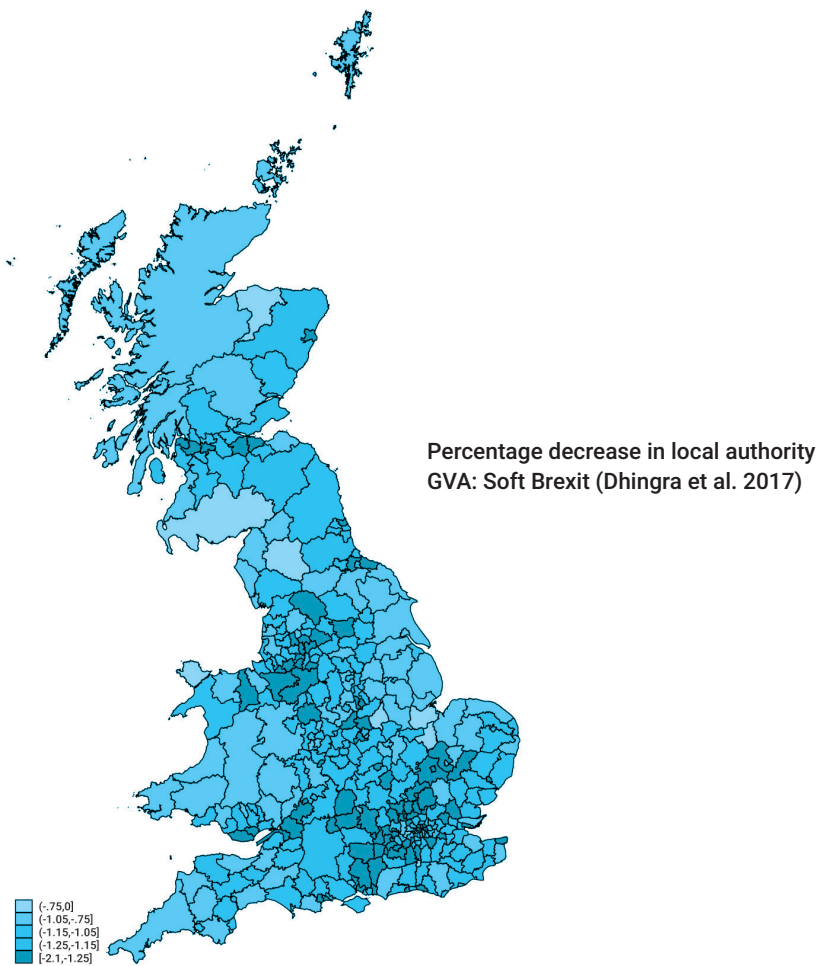
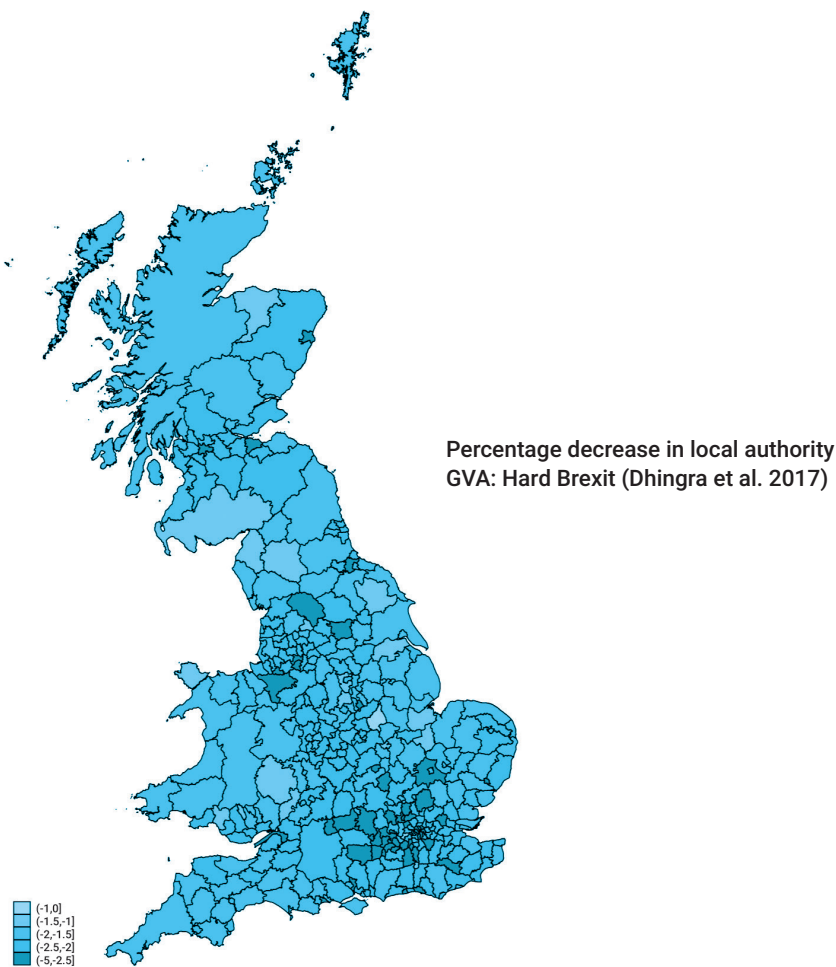
The Social Mobility Index is only available for England.

ONS regional price data is available at: <https://www.ons.gov.uk/economy/inflationandpriceindices/articles/relative-regional-consumer-price-levels-uk/2016>

House Price data is available at: <https://www.gov.uk/government/statistical-data-sets/price-paid-data-downloads>.

Electoral Commission data for the 2015 and 2017 general elections is available at: <https://www.electoralcommission.org.uk/our-work/our-research/electoral-data/electoral-data-files-and-reports>.

General election voting data is available at the parliamentary constituency level whereas this project focuses on local authorities. We impute local authority level data by fitting constituencies into local authorities. For Ceredigion, Mansfield and Pendle, the parliamentary constituency is equivalent to the local authority. Barnet is a combination of three parliamentary constituencies, namely: Finchley and Golders Green, Hendon, and Chipping Barnet. For these four local authorities there is no issue in obtaining local authority level general election data. Southampton is constructed of two full constituencies – Test and Itchen – and part of the constituency Romsey and Southampton North. To obtain general election data for Southampton, we use the population-weighted mean of the general election results for these constituencies. This requires us to assume that the voting behaviour of voters in the section of Romsey and Southampton North that is in the local authority Southampton is equivalent to the proportion that is outside of Southampton local authority. We believe that this is a reasonable assumption. Further, it only affects a 11.9% of the Southampton population, so any induced error is likely to be relatively very small.





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Clock House Parade, East Barnet



THE LONDON SCHOOL  
OF ECONOMICS AND  
POLITICAL SCIENCE ■

Conflict and Civil Society Research Unit  
Department of International Development  
London School of Economics and Political Science  
Houghton Street, London WC2A 2AE

**Email:** [id.ccs@lse.ac.uk](mailto:id.ccs@lse.ac.uk)

**Tel:** +44 (0) 207 955 6419

**Twitter:** @LSE\_CCS

**[lse.ac.uk/ccs/brexit](https://lse.ac.uk/ccs/brexit)**



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