



THE LONDON SCHOOL
OF ECONOMICS AND
POLITICAL SCIENCE ■

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

UNDERSTANDING BREXIT AT A LOCAL LEVEL: CAUSES OF DISCONTENT AND ASYMMETRIC IMPACTS

CONFLICT AND CIVIL
SOCIETY RESEARCH UNIT
MARCH 2019

Supported by the LSE
Knowledge Exchange and Impact fund ■

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.

Understanding Brexit impacts at a local level

Case studies

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**. It has been co-ordinated by the Conflict and Civil Society Research Unit at the London School of Economics and Political Science (LSE).



Executive summary

This report analyses the vote in the 2016 European Union (EU) membership referendum and the predicted impacts of leaving the EU based on the analysis of five local authority areas in England and Wales: Barnet, Ceredigion, Mansfield, Pendle and Southampton.

- Rational economic calculations have not weighed as much in the Brexit vote as discontent and emotions. The most important causes for the Leave vote, such as dissatisfaction with globalisation, migration and the perceived threats to identity, are to a large extent rooted in local socio-economic and geographic features.
- Structural local problems, such as scarcity of highly skilled jobs, lack of investment and casualisation of work, have contributed to create 'geographies of discontent,' especially in zones where regeneration policies have failed.
- Some segments of the population felt 'left behind' by the 'elites' and believed that their interests were undermined by international economic and cultural trends which they associate with EU membership.
- At the cultural level, the Leave vote reflects a reaction against change and the preservation of identity; meanwhile, at the material level, it primarily manifests a will to transform the current socio-economic path.
- The overall impact of Brexit on the economy is expected to be negative according to most interviewees as well as most academic and government studies. But this impact is going to be largely asymmetric. Some regions and economic sectors are likely to suffer more than others. These are the problems that emerged more often in our fieldwork:

1. Disruption in the import and export flows due to the introduction of tariffs will greatly affect aeronautical and automotive industries. The UK is expected to protect existing trade links with the EU to prevent relocation of economic activity and job losses.

2. The controls on immigration will likely aggravate the problem of skills shortages in key areas such as health services, technology and higher education. There is a need to address the mismatch between

skills demand and supply in the UK which has been compensated via migrant workers so far. Shortages of low-skilled workers are also feared especially in food factories, warehouses, fruit picking and cleaning.

3. The loss of European funding and payments may very negatively affect British farming and R&D, as well as regional and local economic development in areas which suffered industrial restructuring. Although the UK Government has expressed a firm intention to match the lost funding, problems concerning the replacement of regulation, timing and criteria for the calculation of funding may generate new 'winners' and 'losers'.

- Uncertainty is affecting both the economy and governance. Many of the required policies to mitigate the problems above have not been clearly defined yet. The relative optimism observed in the aftermath of the referendum has vanished and been replaced with a general sense of anxiety in the business community.
- Many of the problems underpinning the Leave vote are likely not going to be solved simply by leaving the EU. Some of them may even be exacerbated. In order to reduce discontent associated with low social mobility, casualisation of work, stagnant paths of local economic development and the relative economic and political insularity of certain areas, additional policies are required.
- Participants in our discussion panels agree that investments in infrastructures (roads and trains) to improve access, as well as in education and vocational training to address the mismatch between skills demand and supply, are necessary to make these areas more appealing for business.
- Moreover, it is necessary that both London and Brussels pay more attention to the local realities, and in particular to those areas which are further away from the great political and economic hubs. Local empowerment and more political decentralisation may be necessary to reduce some of the frustration which fuelled the Leave movement.

Introduction

This report synthesises the findings of the research project *Debating Brexit at a Local Level: a mixed methods comparative study*,¹ which sheds light on the specific reasons underpinning the referendum result in different local areas, and how Brexit may affect their citizens.

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The 2016 UK EU membership referendum has not only contributed to revealing, and arguably exacerbating, significant levels of political polarisation in Britain,² but also the inability of social scientists to influence authoritatively political debates. Research evidence has not been a decisive factor shaping either public views or political choices on the issue. Misperceptions on the issue of Brexit concerning migration and economic exchanges with the EU have been pervasive.³ Distrust of data and experts has been fuelled by some politicians and popular media,⁴ but it is also the result of the lack of direct engagement with local communities and the wider public.⁵ This project has tried to address this issue by paying closer attention to what Brexit means to ordinary citizens and adopting a reflexive participatory approach involving citizens, policy-makers, business people and civil-society representatives. It contextualises existing academic explanations and predictions about Brexit at a local level. This report is the result of the analysis of local sources and the discussion with local stakeholders of the core arguments on the causes and consequences of Brexit suggested in the literature.

Five local authority areas were chosen: **Barnet**,⁶ **Ceredigion**,⁷ **Mansfield**,⁸ **Pendle**⁹ and **Southampton**.¹⁰ These case studies were selected following a cross-examination of data from the Electoral Commission, Office of National Statistics (ONS), Business Register and Employment Survey, Annual Population Survey and Census.¹¹ These areas were found to be illustrative of different results in the Brexit referendum and General Elections, as well as a variety of potential socio-economic realities. For instance, Barnet and Ceredigion voted Remain, while Pendle, Mansfield and Southampton voted Leave. In Mansfield Conservatives significantly improved their results in the 2017 General Election, while in Southampton and Pendle Labour gained vote share vis-à-vis the 2015 General Election. In Barnet (20.8%) and Southampton (19.7%) there is a high proportion of non-British citizens, while in Ceredigion (4%), Pendle (6.7%) and Mansfield (7.6%) the migrant population was below the national average (9.3%).¹² Some of these local authority areas are distinctly urban, such as Barnet and Southampton, while others are rural or mixed, such as Ceredigion, Mansfield and Pendle. Finally, this sample covers areas with significant manufacturing activity (Pendle) or a strong manufacturing heritage (Pendle and Mansfield), agricultural activity (Ceredigion) and where public services are central for the local economy (Barnet and Southampton).¹³

- 1 More information about the project and research team available at: <http://www.lse.ac.uk/international-development/conflict-and-civil-society/current-projects/debating-brexit-at-a-local-level>.
- 2 Murray I, Plagnol A. and Corr P. 2017. 'When things go wrong and people are afraid': An evaluation of group polarisation in the UK post Brexit. SSRN. Available at: <https://ssrn.com/abstract=3041846> or <http://dx.doi.org/10.2139/ssrn.3041846>.
- 3 The Policy Institute at King's College, The UK in a Changing Europe and Ipsos MORI. 2018. Brexit misperceptions. October. Available at: <https://www.kcl.ac.uk/sspp/policy-institute/publications/brexit-misperceptions.pdf>.
- 4 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(1), pp 101-116, 110-111.
- 5 Paul M. 2017. Brexit: a chance for universities to leave their ivory towers behind. *Times Higher Education*. 28 March. Available at: <https://www.timeshighereducation.com/blog/brexit-chance-universities-leave-their-ivory-towers-behind>. Note that overall trust in scientist has followed a growing trend since the 1990s. Bauer M. W. 2017. No time for experts? Trust in science after the BREXIT vote of 23 June 2016. In: Schiele B. and LeMarec J. (Eds.) *Cultures de Science*. Montreal: Acfas, pp. 91-99.
- 6 Bulat A. et al. 2018. Understanding Brexit impacts at a local level: The London Borough of Barnet case study. Available at <http://eprints.lse.ac.uk/90230/>.
- 7 Jablonowski K. et al. 2018. Understanding Brexit impacts at a local level: Ceredigion case study. Available at <http://eprints.lse.ac.uk/90387/>.
- 8 Gartzou-Katsouyanni K. et al. 2018. Understanding Brexit impacts at a local level: Mansfield case study. Available at: <http://eprints.lse.ac.uk/90393/>.
- 9 Kiefel M. et al. 2018. Understanding Brexit impacts at a local level: Pendle case study. Available at: <http://eprints.lse.ac.uk/90324/>.
- 10 Bolet D. et al. 2018. Understanding Brexit impacts at a local level: Southampton case study. Available at: <http://eprints.lse.ac.uk/90386/>.
- 11 The main factors considered to shortlist these cases were: results of the General Elections in 2015 and 2017; result of the European membership vote in the 2016 referendum; employment share per sector; percentage of non-British residents; and percentage of residents and of those born in other EU countries. See appendix.
- 12 The 2016 ONS migration data is available at: <https://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/migrationwithintheuk/datasets/localareamigrationindicatorsunitedkingdom>.
- 13 See Appendix 1, page 20-21.



This report argues that the attitudes and perceptions which explain the Leave vote, such as the discontent with globalisation, migration and the perceived threats to identity, are to a large extent rooted in some local socio-economic and geographic structural characteristics.

While at the ideational level the Leave vote can be interpreted as a defensive reaction that seeks to preserve identity and culture, from a material socio-economic point of view, this vote means the opposite: a disruptive force aiming to truncate the current path of economic development and promote change. This article also shows that the impacts of Brexit are likely going to be primarily negative and largely asymmetric. The consequences of the disruption of trade flows, in particular of industries with a complex logistic chain, the shortage of skilled labour and the problems substituting EU funding and payments, are key sources of concerns for local stakeholders and seem to offset the opportunities Brexit may create. Political and economic uncertainty seems to be precluding clarity at the level of post-Brexit governance. Furthermore, it is not clear that leaving the EU would help to substantially mitigate the problems which are the origin of the discontent motivating the Leave vote. Local empowerment and the necessary investments for economic regeneration do not seem a priority for the Brexit agenda. New 'losers' may emerge during the process.

Explaining the vote: real structural economic problems underpin discontent

The results of our fieldwork in these areas shed some light on the variety of reasons underpinning the Leave vote and on the problems that Brexit may generate (and is already generating) across the UK. Citizens' discontent with globalisation, their attitudes towards migration and their understanding of identity, alongside other structural socio-economic and geographical factors, are found to largely explain the results in the areas analysed.¹⁴ The findings of this project corroborate some of the social science analyses in the field.

Several experts and citizens interviewed expressed that there is a widespread feeling of being 'abandoned' or 'left behind' by the 'elites' from London and Brussels, which explains the Leave vote in many working-class areas in the UK. There is a certain sense of pessimism, insecurity and disconnect with political elites which were considered 'out of touch'.¹⁵ Citizens felt that their concerns were not being heard or taken into account by most political leaders and that globalisation, which the EU somehow represents in the collective imaginary, appears to be out of control and does not benefit them.¹⁶ The wealth generated by trade liberalisation has been distributed highly unequally. The 'losers of globalisation', the working classes, older and less educated people, were more likely to vote Leave. Many of them believed that with an EU exit they would recover the part of their sovereignty that had been transferred to Brussels and that they would somehow 'take back control' of their own future. The argument about 'taking back control' was most particularly salient in our interviews. In our discussion panels it was clearly expressed that while cities are doing well, 'towns are left behind', and that it was probably necessary to achieve a higher degree of political decentralisation so that policy-making would take into consideration local realities.¹⁷

Although immigration was often mentioned in our interviews as a fundamental explanatory variable, this does not seem to be a clear predictor of the Leave vote.¹⁸ The two areas with the highest percentage of Eurosceptic vote in the referendum, Mansfield and Pendle, have a percentage of migrant population significantly below the UK average.¹⁹ In the discussion panels conducted in these areas, it was argued that immigration was a 'proxy' or a 'red herring' and that the real motivation was the sense of abandonment and neglect from Labour and Conservative governments. It is important to distinguish between real migration and perceptions of migration. Negative attitudes towards migration and increases in the rates of immigrants seem to be associated with the Leave vote, but not the overall size of the migrant population in a specific area.²⁰ Thus, it is not so much about levels but about changes.²¹ Areas with lower total number of migrant residents but which have experienced significant increases in short periods of time may be correlated with more negative views on immigration and be more likely to vote Leave.

14 The very weak pro-Remain campaign by all political parties in some local areas such as Mansfield and Pendle was also suggested as an important factor explaining the result of the referendum. Discussion panel in ACE Centre in Nelson (Pendle), 22 January 2019; and Mansfield Central Library, 24 January 2019.

15 In the interviews and discussion panels in Mansfield and Pendle, where there was a large majority of Leave vote, there were several references to the existence of a 'North-South' divide in the country. See also Watson M. 2018. Brexit, the left behind and the let-down: the political abstraction of 'the economy' and the UK's EU referendum. *British Politics*, 13(1), pp. 17-30; Goodwin M. and Heath O. 2016. The 2016 Referendum, Brexit and the left behind: An aggregate level analysis of the result. *The Political Quarterly*, 87(3), pp. 323-332, 331.

16 Curtice J. 2017. Why Leave won the UK's EU referendum. *Journal of Common Market Studies*, 55, pp. 19-37; Colantone I. and Stanig P. 2018. Global competition and Brexit. *American Political Science Review*, 112(2), pp. 201-218. Colantone and Stanig show that globalisation affected the vote, in particular areas severely affected by the competition of Chinese exports.

17 In Pendle, one person argued that there needs to be devolution to the North of England like in Wales so as to draw political attention. And in Mansfield, the people who participated in the discussions argued that they needed to come together more often so as to come up with local solutions that put pressure on national and European institutions. See also Hobolt S. 2016. The Brexit vote: A divided nation, a divided continent. *Journal of European Public Policy*, 23(9), pp. 1259-1277.

18 Colantone and Stanig, 202, 215-216.

19 In Mansfield, the phenomenon of immigration is relatively recent, with migrants coming mainly from Eastern European countries. The percentage of non-UK-born people in Pendle is very low too, but in our discussion there were many references to the 'Asian' population and an existing ethnic divide. In Nelson, where the Pendle discussion took place, 40% of the population is Asian according to the 2011 Census. See ONS. 2011. *2011 Census*. Available at: <https://www.ons.gov.uk/census/2011census>

20 Vasilopolou S. 2016. UK Euroscepticism and the Brexit Referendum. *The Political Quarterly*, 87(2), pp. 219-227; Goodwin M. and Milazzo C. 2017. Taking back control? Investigating the role of immigration in the 2016 vote for Brexit. *The British Journal of Politics and International Relations*, 19(3), pp. 450-464.

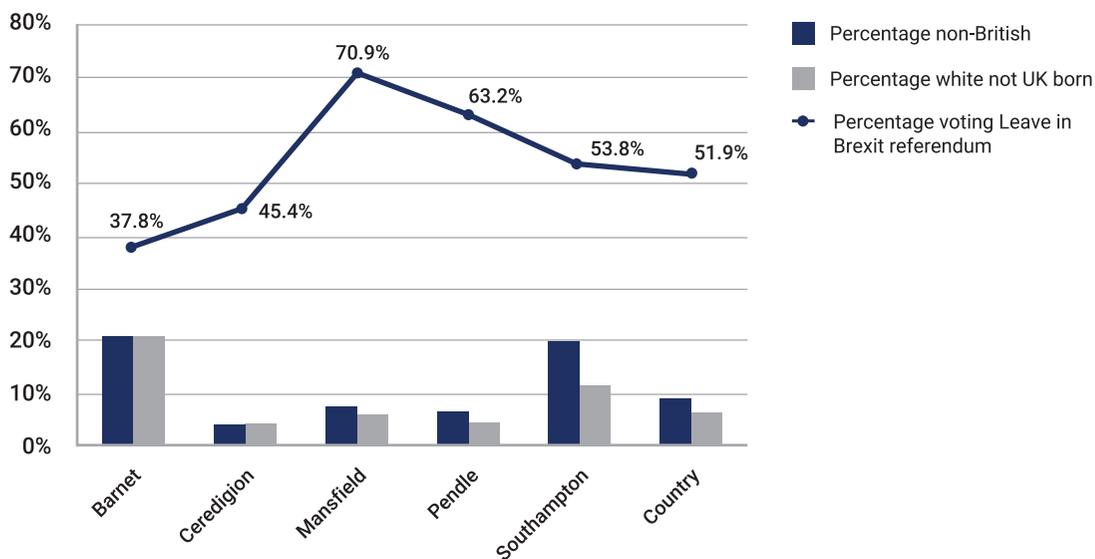
21 Kaufmann E. 2017. Levels or changes?: Ethnic context, immigration and the UK Independence Party vote. *Electoral Studies*, 48, pp. 57-69.

Table 1: Referendum results and ethnic origin

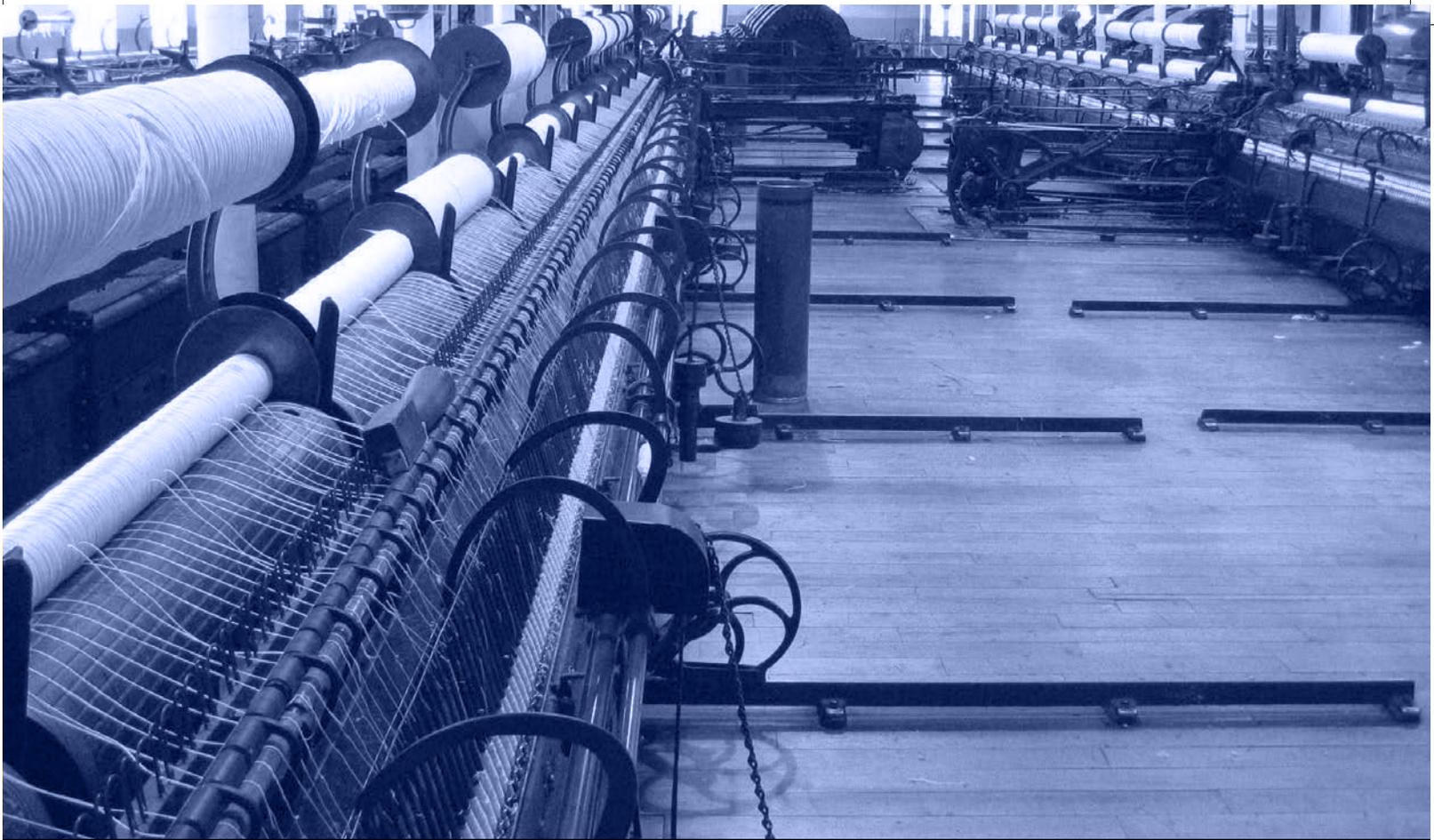
	Barnet	Ceredigion	Mansfield	Pendle	Southampton	Country
Percentage voting Remain	62.2%	54.6%	29.1%	36.9%	46.2%	48.1%
Percentage voting Leave	37.8%	45.4%	70.9%	63.2%	53.8%	51.9%
Percentage non-British	20.8%	4.0%	7.6%	6.7%	19.7%	9.3%
Percentage non UK born	39.0%	6.7%	8.6%	8.9%	22.9%	14.1%
Percentage born in UK, 2011	61.1%	94.0%	94.4%	89.1%	82.4%	86.6%
Percentage born in other EU countries, 2011	10.4%	2.6%	3.5%	2.3%	6.7%	4.3%
Percentage white UK born	45.5%	92.5%	86.8%	80.4%	74.8%	79.7%
Percentage white not UK born	19.4%	4.4%	6.2%	4.7%	11.8%	6.8%
Percentage ethnic minority UK born	17.2%	0.9%	2.0%	6.4%	3.8%	6.5%
Percentage ethnic minority not UK born	18.0%	2.3%	5.0%	8.5%	9.6%	7.0%

Source: Data from 2011 Census, Annual Population Survey (APS), Electoral Commission and Office for National Statistics

Figure 1: Leave vote and migrant population



Source: Data from 2011 Census, Annual Population Survey (APS), Electoral Commission and Office for National Statistics



The spinning room of a typical Lancashire cotton mill

Collective identities and cultural factors emerge as important drivers in the context of the Brexit vote.²² Arguably more than rational economic considerations,²³ migration and globalisation are perceived as threats to people's identity. Interviewees and analysts often associate Euroscepticism with English nationalism and racism.²⁴ In our discussion panels in Barnet and Nelson (Pendle), racism and unease with increasingly visible ethnic divides were also associated with Brexit.²⁵ Meanwhile, Ceredigion fieldwork shows that Welsh nationalism was linked, although not uniformly, with the Remain option in the referendum. 58% of those who identify themselves as both Welsh and British voted Leave. Conversely, only 16% of those who are fluent in Welsh and do not identify themselves as British, but only Welsh, voted for an EU exit.²⁶ The areas of Ceredigion where Leave prevailed coincided with those where internal migrants from England usually settle. Welsh nationalists from Plaid Cymru do not see the EU as a threat to their identity but as a custodian which shields them from the dominant English or British ones.²⁷

Rational calculations on the future economic benefits or losses associated with Brexit do not seem to have heavily influenced voters in the referendum. There is actually a mismatch between voting and the predicted consequences of an EU exit in specific geographic areas. Some of the areas which voted Leave are among those which are more dependent on the EU and received more European funds.²⁸ However, structural local economic conditions may have shaped the choices of individuals and given rise to a 'geography of discontent'.²⁹ Regeneration policies failed in many towns, in particular in the North of England, creating an imbalance between regions.³⁰ In some areas with declining or stagnating economic growth, residents are increasingly concerned with a perceived lack of opportunities or neglect from governments. Not only the 'left behind' or 'losers of globalisation' voted Leave, but many of those who benefited from it also did partly influenced by the pessimistic interpretations of the local socio-economic context which dominated at the ideational level. The Leave vote may be construed as a sort of 'revenge of the places that don't matter'.³¹

22 Swales K. 2016. Understanding the Leave vote. *NatCen Social Research*. Available at: http://natcen.ac.uk/media/1319222/natcen_brexplanations-report-final-web2.pdf.

23 Goodwin M. 2018. The perceived costs and benefits of Brexit. In *The UK in a changing Europe* (Ed.). Brexit and public opinion, pp. 24-27. Available at: <http://ukandeu.ac.uk/the-perceived-costs-and-benefits-of-brexit/>; Kaufmann E. 2016. It's NOT the economy, stupid: Brexit as a story of personal values. *LSE British Politics and Policy Blog*, 7 July. Available at: <http://eprints.lse.ac.uk/71585/>.

24 Virdee S. and McGeever B. 2018. Racism, crisis, Brexit. *Ethnic and Racial Studies*, 41(10), pp. 1802-1819.

25 Discussion panels in Patisserie Joie de Vie, Barnet High Street, 28 September 2018; and ACE Centre, Nelson, 22 January 2019.

26 Wyn Jones R. 2018. Holyhead will be one of the biggest losers from Brexit. *Irish Times*, 4 January. Available at: <https://www.irishtimes.com/news/ireland/irish-news/holyhead-will-be-one-of-the-biggest-losers-from-brexit-1.3343977>.

27 Interviews with Alun Williams, Council and Cabinet Member in Ceredigion, 24 May 2018; Elin Jones Welsh AM, 25 May 2018; and Ben Lake MP, 5 June 2018.

28 Sheffield Political Economy Research Institute (SPERI). 2016. UK regions and UK structural and investment funds. *SPERI British Political Economy Brief*, 24. Available at: <http://speri.dept.shef.ac.uk/wp-content/uploads/2016/05/Brief24-UK-regions-and-European-structural-and-investment-funds.pdf>.

29 Los B., McCann P., Springford J. and Thissen M. (2017). The mismatch between local voting and the local economic consequences of Brexit. *Regional Studies*, 51(5), pp. 786-799, 788, 793.

30 Several participants in the discussion panels in Mansfield and Pendle expressed this view. See also Martin R., Pike A., Tyler P. and Gardiner B. 2016. Spatially rebalancing the UK economy: Towards a new policy model? *Regional Studies*, 50(2), pp. 342-357, 344-346.

31 Rodríguez-Pose A. 2018. The revenge of the places that don't matter (and what to do about it). *Cambridge Journal of Regions, Economy and Society*, 11(1), pp. 189-209, 190, 206.

Mansfield and Pendle underwent a painful industrial restructuring process following the decline of the mining and textile industries. These areas are relatively isolated and they struggle to attract skill and investment which tend to favour larger cities in the region. Their economies have become increasingly more dependent on businesses based on low-skill and low-paid jobs, such as large distribution warehouses for clothing companies.³² Some business practices, such as reliance on agency workers on zero-hour contracts, are very widespread.³³ This economic model and relative geographic insularity has hindered social mobility, reduced local youth

expectations and strengthen the sense of being 'left behind' in certain towns.³⁴ Migrant workers from Eastern Europe are also perceived by some locals as an aggravating factor which contributes to pull down wages. Many believed that Brexit could contribute to break these economic inertias which seemed to have locked Pendle and Mansfield on a stagnating path. It is interesting to note that the responsibility of UK governments in promoting these criticised models of economic development as well as the positive effects of EU membership for these areas did not occupy a prominent position in Brexit public discussions.

Table 2: Education, Social Mobility and Leave vote

	Barnet	Ceredigion	Mansfield	Pendle	Southampton	Country
Percentage with NVQ level 4+, aged 16-64	54.0%	31.4%	17.5%	21.5%	36.0%	38.4%
Percentage with no qualifications, aged 16-64	5.5%	7.6%	11.2%	9.1%	7.4%	8.0%
Social Mobility Index 2017 (ranking out of 324) ³⁵	9	Not available in Wales	315	144	247	Not applicable
Median gross weekly earnings (Full-time)	£580	£468	£454	£551	£571	£569
Percentage voting Leave in Brexit referendum	37.8%	45.4%	70.9%	63.2%	53.8%	51.9%

Source: Data from Annual Population Survey (APS), Social Mobility Commission, Office for National Statistics, and Electoral Commission. Social Mobility Index only available for England.



'Mighty Mansfield: Leaders of Europe in thin seam working', miners at Mansfield Colliery, 1987

32 Sanders M. 2018. Undercover: Britain's cheap clothes: Channel 4 Dispatches. *Channel 4*. 30 January. Available at: <http://www.channel4.com/info/press/news/undercover-britains-cheap-clothes-channel-4-dispatches-mon-30th-jan>.

33 Business, Innovation and Skills Committee. 2016. Employment practices at Sports Direct. Third Report of the Session 2016-2017. *House of Commons*, HC 219. 22 July, 27. Available at <https://publications.parliament.uk/pa/cm201617/cmselect/cmbis/219/219.pdf>.

34 Jennings W. 2017. Cities and towns: The 2017 general election and the social divisions of place: Part I. *New Economics Foundation*. October. Available at: <https://neweconomics.org/uploads/files/FINAL-CITIES-AND-TOWNS.pdf>.

35 The lower the position in the ranking, the higher the mobility.



Port of Southampton

In Southampton, the rapid influx of migrant population and the approach to local economic development, which prioritised the rebranding of the city centre over providing basic needs to local populations, contributed to dissatisfaction.³⁶ Geographic location also influenced attitudes towards Brexit in Southampton. There was a widespread belief that thanks to its highly important port, which is the biggest export port and number one vehicle handling port in the UK,³⁷ they would avoid most negative consequences of Brexit. This shared perception on the structural advantages the port provides to Southampton may have made some voters back the exit option, and forget that a large share of the exports and passengers that use the port come or go to other EU member states.

Overall, the outcome of the Brexit referendum in the areas studied is the result of the interplay of ideational (discontent, prejudices, perceptions) and structural factors (stagnating local economies, geographic features). On the one hand, the Leave vote may be construed as a reaction against the political elites and the notions of globalisation and migration which are perceived to threaten pre-existing identities and create a widespread sense of being 'left behind'. Somehow the EU is mostly associated in the British collective imaginary

with the negative effects of globalisation. On the other hand, Euroscepticism has been fuelled by the dissatisfaction with real socio-economic trends and local models of development and with the limited decision-making power at the local level. People felt that their concerns were not heard. The Brexit vote for many was an opportunity for change and a way to restore in the local community a sense of pride and ownership lost through the process of globalisation. The much repeated slogan 'take back control' captures this idea. Therefore, while at the ideational level the Brexit vote reflects a will to preserve the status quo at the level of identity, at the material level Leave primarily manifests a will to transform a socio-economic trend and political reality which is perceived as unsatisfactory.

36 Adams R. 2016. 'Multi-million pound plans to transform Bargate centre in Southampton revealed. *The Southern Daily Echo*. 20 May. Available at: https://www.dailyecho.co.uk/business/14505263.Revealed_Get_a_glimpse_of_multi-million_pound_plans_to_transform_Bargate_Centre/. Interview with Councillor Andrew Pope, 6 June 2018.

37 Its ports handle £40 billion worth of exports, including 820,000 vehicles every year. Institute of Export & International Trade. 2017. Southampton Port set for record export year. Available at: <https://www.export.org.uk/news/354558/Southampton-Port-set-for-record-export-year.htm>. Associated British Ports. 2018. Port Information Southampton. Available at: http://www.southamptonvts.co.uk/Port_Information/



Brexit is likely to exacerbate skills shortages within the NHS and social care in Barnet

Impacts of Brexit: few winners, many losers

One of the main outcomes of the fieldwork of this research project is the confirmation that Brexit is likely going to generate asymmetric, and mostly negative, impacts across different economic sectors and parts of the UK. Even if many business people were fairly optimistic about the economic prospects until mid-2018, ever since there has been a drastic shift in perceptions associated with the uncertainty generated by Brexit.³⁸ Since the 2016 referendum, substantial quantitative research has been undertaken on the socio-economic impact of Brexit. Most economic studies predict that Brexit will be overall negative, in particular for the UK, and more so if there is a 'hard' exit scenario.

A study by LSE Centre for Economic Performance (CEP), King's College London and the Institute for Fiscal Studies estimates that, on a ten-year period, leaving the EU may lead to a reduction of UK per capita GDP of 1.9% to 8.7% depending on the conditions of the exit.³⁹ According to a cross-departmental analysis by HM Government, the accumulated impact after 15 years would range from 3.9% to 9.3%, in case of no deal, of the total GDP.⁴⁰ Chen et al. argue that the UK's exposure to Brexit is 4.6 times greater than that of the rest of the EU as a whole.⁴¹

However, in addition to these overall impacts, it is necessary to pay attention to the important asymmetries of the effects at regional and local levels, which may have relevant implications in terms of governance. Breinlich et al. show a loss in purchasing power due to inflation which hits harder in Scotland, Wales and Northern Ireland.⁴² Clarke et al. analyse tariffs and conclude that London and South East England will be less affected than other parts of the UK and predict that up to 13% of employees in the North and the Midlands could be affected by changes in tariffs.⁴³ Conversely, based on trade

figures and a sectoral analysis at local level, Dhingra et al. predict that in both a 'soft' and 'hard' Brexit scenarios the South of England and urban areas will be hit harder.⁴⁴ Redistribution policies at regional level may become more necessary after Brexit.⁴⁵ In addition, scholars have addressed specific themes, such as attitudes towards migrants, the impact on the National Health Service or the salience of fisheries policy, all of which will likely have unequal impacts across regions and for which governance may require geographical fine-tuning.

Part of the asymmetry is due to the disruption in the import and export flows which will chiefly affect local areas relying on sectors with complex logistic chains. Industries such as the aeronautical and automotive ones require components from other European countries and they export a considerable part of their production to the continent. For instance, Airbus, which employs about 14,000 people in the UK, has repeatedly warned that it could relocate all of its activity out of the country if there is not a transitory agreement for Brexit.⁴⁶ Rolls Royce, one of the major employers in Pendle, also announced that it

- 38 Richard Crisp, Commercial Development Executive, Mansfield Building Society, during our discussion panel in Mansfield, 24 January 2019. See also Deloitte. 2019. The Deloitte CF Survey Q42018. Available at: <https://www2.deloitte.com/content/dam/Deloitte/uk/Documents/finance/deloitte-uk-cfo-survey-report-q4-2018.pdf>. ICAEW. 2019. ICAEW UK Business Confidence Monitor Q1 2009. Available at: <https://www.icaew.com/-/media/corporate/files/technical/economy/business-confidence-monitor/icaew-bcm-q1-2019.ashx>.
- 39 CEP. 2018. The economic consequences of the Brexit deal. The UK in a Changing Europe report, 27 November. Available at: <http://ukandeu.ac.uk/new-research-shows-economic-and-fiscal-consequences-of-the-brexit-deal/>, 5. Estimates based on global trade models.
- 40 HM Government. 2018. EU exit: Long-term economic analysis. November, Cm 9741. Available at: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/759762/28_November_EU_Exit_-_Long-term_economic_analysis.pdf.
- 41 Only some regions in the Republic of Ireland face exposure levels similar to those of the UK. Chen W., Los B., McCann P., Ortega-Argiles, R., Thissen M. and van Oort F. 2018. The continental divide? Economic exposure to Brexit in regions and countries on both sides of the channel. *Papers in Regional Science*, 97(1), pp. 25-54, 33-37.
- 42 Breinlich, H., Leromain, E., Novy D. and Sampson, T. 2017. The Brexit Vote, Inflation and UK Living Standards. *CEP Brexit series*. Paper No. 11, pp. 13-14. Available at <http://cep.lse.ac.uk/pubs/download/brexit11.pdf>.
- 43 Clarke S., Serwicka I. and Winters L.A. 2017. Changing lanes: The impact of different post-Brexit trading policies on the cost of living. *Resolution Foundation UK Trade Policy Observatory Report*. Available at: <http://www.resolutionfoundation.org/app/uploads/2017/10/Changing-Lanes.pdf>, 6-7.
- 44 Dhingra, S., Machin S. and Overman H. G. 2017a. The local economic effects of Brexit. See Appendix 2. *CEP Brexit series*, Paper No. 10. Available at: <http://cep.lse.ac.uk/pubs/download/brexit10.pdf>, 11.
- 45 Dhingra S., Ottaviano G., Rappoport V., Sampson T. and Thomas C. 2017b. UK trade and FDI: A post-Brexit perspective. *CEP Discussion Paper*, No 1487. Available at: <http://cep.lse.ac.uk/pubs/download/dp1487.pdf>, 14.
- 46 BBC News. 2018. Airbus warns no-deal Brexit could see it leave UK. 22 June. available at <https://www.bbc.co.uk/news/business-44570931>. Business Leader. 2019. Brexit warnings by Airbus and Siemens cannot be ignored. *Guardian*. 27 January. Available at: <https://www.theguardian.com/business/2019/jan/27/airbus-siemens-brexit-warnings>.



is considering moving part of its activity if the EU agreement is not satisfactory in the end.⁴⁷

The UK automotive sector employs 856,000, of which 186,000 is in manufacturing.⁴⁸ The Society of Motor Manufacturers and Traders (SMMT) has also cautioned about an annual £2.7 billion increase in the cost of imports and £1.8 billion to exports of Brexit derived from a potential exit of the customs union.⁴⁹ According to a report from LSE CEP, overall automotive production could fall 12% and the costs for British consumers increase 2.55%.⁵⁰ SMMT also stresses that the vast majority of the UK's automotive supply chain companies are small and medium-sized enterprises (SMEs), which may lack the resources to face the shock of a potential 'no deal', and that 39% of all employment in the British automotive sector is located in the Midlands, which implies a distinct regional impact.⁵¹ Other areas would also be affected. For instance, Nissan employs nearly 8,000 people directly and 10,000 indirectly in the area of Sunderland. The Japanese manufacturer has also notified on several occasions that Brexit endangers the economic viability of its plant.⁵²

Brexit may also affect companies and consumers dissimilarly. For instance, the devaluation of the pound that followed the 2016 referendum helped some British exporters and contributed to a sense of moderate optimism which was captured in some of the interviews conducted.⁵³ Conversely, that same devaluation is estimated to have cost each household £7.74 weekly due to higher consumer prices.⁵⁴ Firms usually pass higher wages and imports costs on to consumers. Protectionist policies may contribute to higher wages but also

47 Tovey A. 2018. Rolls-Royce mulls European move as Brexit deal worries grow. *The Telegraph*. 23 April. Available at: <https://www.telegraph.co.uk/business/2018/04/23/rolls-royce-mulls-european-move-brexit-deal-worries-grow/>.

48 SMMT. 2018. SMMT motor industry facts 2018. *SMMT Driving the Motor Industry*. Available at: <https://www.smmt.co.uk/wp-content/uploads/sites/2/SMMT-Motor-Industry-Facts-June-2018.pdf>.

49 SMMT also noted that 10% of the people employed in the sector in the UK are from other EU countries and that currently the UK automotive industry is having problems in filling about 5,000 skilled jobs. SMMT. 2018. Brexit: SMMT position. Available online at: <https://www.smmt.co.uk/industry-topics/brexit/>.

50 Dhingra et al. 2017b, 11.

51 SMMT. 2018. SMMT launches Brexit contingency aid package as high-risk auto suppliers brace for 'no-deal'. 10 October. Available at: <https://www.smmt.co.uk/2018/10/smmt-launches-brexit-contingency-aid-package-as-high-risk-auto-suppliers-brace-for-no-deal/>.

52 *Sunderland Echo*. 2018. Nissan warns of hard Brexit risk to Sunderland plant. 4 October. Video available at: <https://www.sunderlandecho.com/our-region/sunderland/nissan-warns-of-hard-brexit-risk-to-sunderland-plant-1-9379889>.

53 Interviews with Sue Kirk, Financial Director of Mansfield Garage Doors; Keith Barnes, Packaging Consultant at K.B. Consulting; and Brian Stopford, Director of Stopford Associates, 24 May 2018.

54 Breinlich et al. 2017. *Ibid*, 9.

produce further inflation and the depreciation of the British pound after Brexit, and higher prices for British consumers.⁵⁵ The increase in wages may not be symmetrical; therefore while some citizens may benefit from such a new scenario, many probably will not.

A decline in immigration from EU member states is another of the expected outcomes of Brexit. Although there is a widespread perception that immigrants from Eastern Europe have driven down wages,⁵⁶ research shows that this fall is associated with the 2008 crises and the slow economic recovery rather than immigration.⁵⁷ On the other hand, most local sources consulted in the five local areas agree that the difficulties recruiting skilled personnel could be aggravated with Brexit.⁵⁸ The mismatch between skills demand and supply is associated with inadequate professional training and higher education provision and has been compensated, and to some extent masked, by the influx of foreign workers.⁵⁹ In Pendle and Mansfield, where the manufacturing sector is very important, engineering companies employ many Europeans. These areas are already struggling to recruit and retain skilled workers and the likely limits to free movement will probably exacerbate these problems. In particular, the shortage of skills Levels 4 and 5 seems to concern businesses in those areas.⁶⁰ Hence, the insistence of many local stakeholders in the need to invest in training and vocational education.

The shortage of skilled labour in the NHS has been suggested by several studies so far.⁶¹ Brexit is already negatively affecting the expectation of current and prospective NHS workers. For instance, the proportion of NHS workers leaving during the first half of 2017 was larger than the entire 2014-2015 period.⁶² These problems were shown to be salient issues in the fieldwork conducted in Barnet and Southampton, both hosting important hospitals.⁶³

The problem of attraction and retention of high-skilled students and academics emerged as a very significant concern during the Ceredigion and Southampton fieldwork, each of them hosting two universities. Faculty members and university executives fear that the limitations to the freedom of movement to academics and students will affect education quality and reduce the appeal of their institutions as places to study and work. Internal reports from Aberystwyth⁶⁴ and Southampton⁶⁵ universities show that financial risks associated with Brexit are likely going to negatively impact their business models. For instance, 12% of faculty members in Southampton University and 15% of students in Aberystwyth University come from other EU countries. After Brexit, students would start paying the much higher overseas fees, may see access to student loans limited and probably would have to fulfil some legal requisites to have the right study in the UK. More than 100 prospective European students withdrew their applications from this Welsh university immediately after the referendum result.⁶⁶ Brexit may exacerbate existing problems.⁶⁷ The effects

55 Dixon L. J. and Jo H. 2017. Brexit's protectionist policy and implications for the British pound. *International Journal of Financial Research*, 8(4), pp. 7-22, 19-20.

56 For instance, interviews with Councillor Gordon Lishman, 31 May 2018; and Councillor Lord Anthony Greaves, 25 May 2018.

57 Wadsworth, J., Dhingra S., Ottaviano, G. and Van Reenen, J. 2016. Brexit and the Impact of Immigration on the UK. *CEP Brexit series*: Paper No. 5, 16. Migration Advisory Committee. 2018. EEA migration in the UK: Final report. September. Available at: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/741926/Final_EEA_report.PDF.

58 The Edge Foundation. 2018. Skills shortages in the UK economy. *Edge Bulletin* 1. April. Available at: http://www.edge.co.uk/sites/default/files/publications/final_skills_shortage_bulletin_web_2.pdf.

59 Interviews with Martin Rigley, CEO of Lindhurst Engineering; and Brian Stopford, Board Member of Mansfield and Ashfield 2020, 24 May 2018.

60 See for instance, interviews with Miranda Barker, CEO of East Lancashire Chamber of Commerce, 28 June 2018; and Matthew Wheatley, CEO of Local Enterprise Partnership for Derby, Derbyshire, Nottingham and Nottinghamshire, 25 May 2018. Similar views were expressed during discussion panels in Nelson and Mansfield in January 2019.

61 Royal College of Nursing. 2017. Safe and effective staffing: Nursing against the odds. *UK Policy Report*. September. Available at: <https://www.rcn.org.uk/-/media/royal-college-of-nursing/documents/publications/2017/september/pdf-006415.pdf>. Torjesen I. 2017. Four in 10 European doctors may leave UK after Brexit vote, BMA survey finds. *BMJ: British Medical Journal*, 356. Available at: <https://www.bmj.com/content/356/bmj.j988>

62 NHS Digital. 2018. NHS workforce statistics January 2018. 24 April. Available at: <https://digital.nhs.uk/data-and-information/publications/statistical/nhs-workforce-statistics/nhs-workforce-statistics---january-2018>.

63 The recruitment and retention of staff in social care have been difficult in Barnet, and in Southampton the proportion of non-British EU employees is declining as many leave and fewer are joining. Barnet Council. 2015. Barnet's joint strategic needs assessment report. Available at: <https://www.barnet.gov.uk/jsna-home>. Shaw A. 2017. 'More EU staff quit Hampshire NHS Trust'. *The Southern Daily Echo*. 16 October. Available at: http://www.dailyecho.co.uk/news/15597559.More_EU_staff_quit_Hampshire_NHS_trust/.

64 Aberystwyth University. 2017. Financial statements for the year ending 31 July. Available at: [https://www.aber.ac.uk/en/media/departmental/finance/pdf/2016-17-Financial-Accounts-\(Eng\).pdf](https://www.aber.ac.uk/en/media/departmental/finance/pdf/2016-17-Financial-Accounts-(Eng).pdf)

65 Report from the University of Southampton to Commons Science and Technology Committee. 2016. Leaving the EU: Implications and opportunities for science and research. July. Available at: <http://www.southampton.ac.uk/assets/sharepoint/groupsite/Administration/SitePublisher-document-store/Documents/About/impact/Brexit-implications-for-science-and-research-inquiry-2016.pdf>

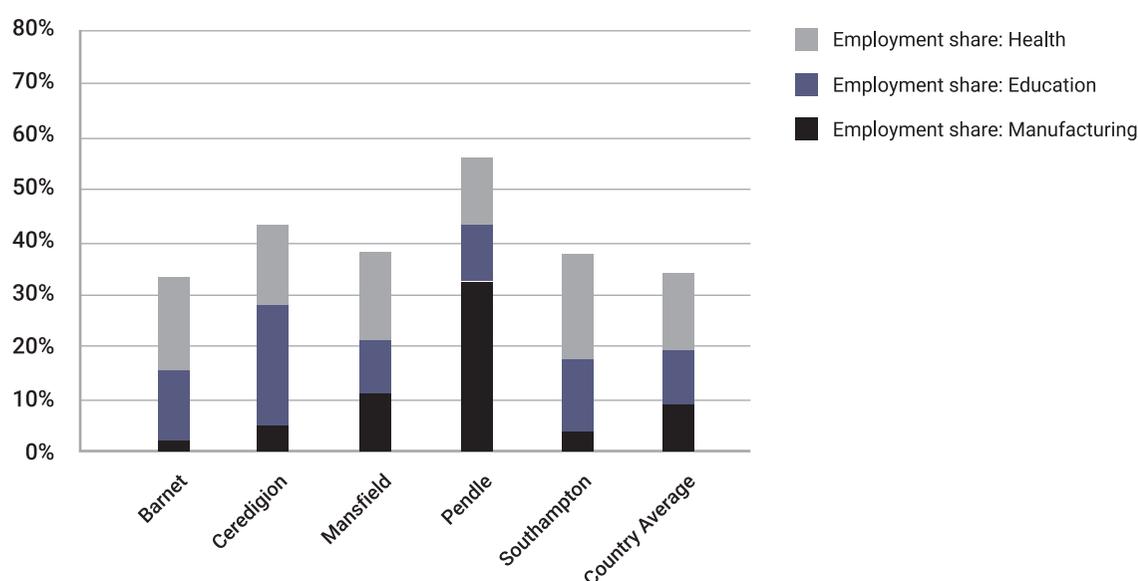
66 BBC News. 2016. 100 cancel Aberystwyth University places after Brexit. 15 July. Available at: <https://www.bbc.co.uk/news/uk-wales-36799951>

67 Betteley C. 2018. 100 jobs under threat due to university cuts. *Cambrian News*. 4 April. Available at: <http://www.cambrian-news.co.uk/article.cfm?id=120016&headline=100%20jobs%20under%20threat%20due%20to%20university%20cuts§ionIs=news&searchyear=2018>.

may be particularly severe for universities located in areas with a low density population and which do not have a very high position in higher education rankings, as they may struggle to attract enough students and scholars.⁶⁸ The problems in the

education sector can have a ripple effect in local economies in places such as Aberystwyth, where the university accounts for nearly a third of the town's residents.

Figure 3: Employment share in Manufacturing, Education and Health



Source: Data from the UK Business Register and Employment Survey 2016

University researchers and business managers in the technology sectors affirm that Brexit is already making UK-based institutions and companies lose R&D funding from the EU.⁶⁹ Many are concerned with how Brexit will affect access to the Horizon 2020 programme which provides €30 billion for the 2018-2020 period.⁷⁰ Although UK research institutions and firms have traditionally enjoyed a very high success rate in obtaining EU grants,⁷¹ many British institutions are not competing for the latest funding opportunities as they believe their bids would be undermined by the situation, and even if they are successful they fear projects may be cancelled after

Brexit. Britain's prominent position as partner and supplier in the EU Defence project would be jeopardised and the EU Defence R&D programme grants, which have greatly benefited the UK aerospace sector, could be denied in the future.⁷² Most of the current research grants will not be affected, but there are long-term projects for which funding is not being renewed. The UK government has announced that matching schemes will be created to compensate this gap. However, it is likely that the transition period necessary to replace R&D funding may noticeably harm specific organisations. Southampton University could be one of them as it is the British higher

68 As Professor John Grattan, Aberystwyth University Vice-Chancellor, puts it, they 'have no urban hinterland to recruit from'. Interview, 25 May 2018.

69 Savage M. 2017. Fears grow over EU university funding as grants decline even before Brexit. *Observer*. 3 December. Available at: <https://www.theguardian.com/education/2017/dec/03/eu-university-funding-grants-decline-brexit-horizon-2020>.

70 European Commission Horizon 2020. Available at: <https://ec.europa.eu/programmes/horizon2020/en/>

71 European Commission. 2018. Horizon 2020 in full swing: Three years on: Key facts and figures 2014-2016. Available at: https://ec.europa.eu/programmes/horizon2020/sites/horizon2020/files/h2020_threeyearson_a4_horizontal_2018_web.pdf. The UK is the first recipient of H2020 grants followed by Germany, Spain, Italy and France, 27.

72 Deloitte. 2017. Impact of Brexit on the manufacturing industry: Aerospace & Defence. Available at: <https://www2.deloitte.com/content/dam/Deloitte/uk/Documents/manufacturing/deloitte-uk-brexit-ad-sheet.pdf>

education institution which relies the most on EU funding, with 91.35% of its grant research income coming from the EU.⁷³

The uncertainties surrounding the replacement of the European Structural and Investment Funds (ESIF) is another key challenge emerging in Ceredigion, Pendle and Mansfield. These funds include the European Regional Development Fund (ERDF), European Social Fund (ESF), Cohesion Fund (CF), European Agricultural Fund for Rural Development (EAFRD) and European Maritime and Fisheries Fund (EMFF).⁷⁴ Although current ESIF funding is confirmed through to 2020 and regulatory requirements have in some cases disincentivised applications,⁷⁵ the importance of these funds in local economic development has been stressed by several key local stakeholders.⁷⁶ Many EU-funded programmes have helped areas which suffered difficult industrial restructuring processes such as Mansfield and Pendle. For instance, the Local Enterprise Partnership for Derby, Derbyshire, Nottingham and Nottinghamshire (D2N2 LEP), where Mansfield belongs administratively, has an allocation of €250 million of ESIF funding to spend during 2014-2020 on programmes supporting promotion of SMEs, digital business and services for unemployed people.⁷⁷ European regional development funding has also contributed to several local regeneration projects in Mansfield.⁷⁸ In Pendle, EU-funded initiatives, such as Boost Growth for Lancashire and Lancashire Skills and Employment Hub, provide assistance to SMEs and promote social inclusion and sustainable employment.

There are also doubts about the capacity of the central government to implement effective and coherent local and regional policies of economic development and fill the gap left by the EU. Many decades of these policies have failed to achieve a balanced distribution of economic activity.⁷⁹ The

abolition of Regional Development Agencies (RDAs) and their substitution by Local Enterprise Partnerships (LEPs), coupled with the process of devolution to local governments and a move towards city deals and combined authorities, make it challenging.⁸⁰ The asymmetry of the system and the overlapping of functions and responsibilities can hamper these efforts. There are also doubts about the capacity of local authorities to influence such policies in the near future given that they have been to a great extent excluded from the management and oversight of EU funding, which has become increasingly centralised in England. Local authorities also face important limitations in terms of fiscal autonomy which were aggravated thanks to the austerity imposed after the global financial crisis.⁸¹ Although criticised for being bureaucratic, EU regional development policies also have some advantages that must be taken into consideration in the process of replacement: they tend to be longer-term programmes, usually six or seven years, that provide continuity and are not affected by the fluctuations associated with British electoral cycles.⁸²

Finally, the impact of Brexit on EU farm subsidies would be non-negligible and new 'winners' and 'losers' are likely to emerge in the process. The Common Agricultural Policy (CAP) has not only made significant transfers to farmers but also paid for the delivery of environmental services. Currently, there is considerable dependence on the Single Farm Payment Scheme (SFP) and other payments. For 2014-2015 these accounted for 56% of total income across all farm types and 60% of hill livestock producers.⁸³ Although the British government has guaranteed the current level of subsidies until 2020, which could be extended until 2022, and Brexit presents an opportunity to redesign policies to better suit the UK, it is not clear what levels of support the British government will provide

73 Matthews D. 2016. Which universities would lose out from Brexit? *Times Higher Education*. 25 May. Available at: <https://www.timeshighereducation.com/news/which-universities-would-lose-out-from-brexit#survey-answer>.

74 For more information, see European Commission. European structural and investment funds. Available at: https://ec.europa.eu/info/funding-tenders/funding-opportunities/funding-programmes/overview-funding-programmes/european-structural-and-investment-funds_en.

75 Interview with Councillor Joe Cooney, 1 June 2018.

76 Interviews with Andrew Leeming, Senior Programme Manager for Boost Growth Lancashire; and Dennis Mendoros OBE, Director of Euravia Engineering and Supply Co. and Chairman of Pendle Vision Board, 30 May 2018.

77 D2N2 LEP. 2017. D2N2 annual review 2016/17. Available at: http://www.d2n2lep.org/write/D2N2_Annual_Review_2016-17.pdf.

78 HM Government. Beneficiaries under the East Midlands 2007 to 2013 ERDF programme. Available at: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/479592/East_Midlands_List_of_Beneficiaries_Nov_15.pdf.

79 Martin Pike Tyler and Gardiner. 2016, 346.

80 Sandford M. 2018. Devolution to local government in England. *House of Commons Library, Briefing Paper*, Number 07029. 4 May. Available at: <http://researchbriefings.files.parliament.uk/documents/SN07029/SN07029.pdf>.

81 Huggins C. 2018. The future of cohesion policy in England: Local government responses to Brexit and the future of regional funding. *Cuadernos Europeos de Deusto*, 58, pp. 131-153, 135-137.

82 Interview with Matthew Wheatley, CEO D2N2 LEP, 25 May 2018.

83 Grant W. 2016. The challenges facing UK farmers from Brexit. *EuroChoices*, 15(2), pp. 11-16. Available at: <https://onlinelibrary.wiley.com/doi/pdf/10.1111/1746-692X.12127>, 12.



Welsh farmers proud to produce

beyond that period and how subsidies will be allocated.⁸⁴ Moreover, there is a risk that the withdrawal from the EU's CAP, which provided generous subsidies, may produce a noticeable increase in food prices that will affect the working classes.⁸⁵

Many farmers voted Leave expecting that after Brexit, the more restrictive and bureaucratic aspects of the EU health and safety regulations will be eliminated. For instance, in Ceredigion, a county with 75,000 inhabitants but which hosts approximately 100,000 cattle and 885,000 sheep, Welsh farmers expressed their frustration with 'red tape' and particularly with the electronic tagging system for farm animals that the EU introduced.⁸⁶ Many of them believed that the reduction of lamb exports to the EU could be compensated by higher exports to other regions such as China and the Middle East, which could be fuelled by new bilateral trade agreements.

However, the main farmer unions in Wales decided to support the Remain position as they are much more pessimist about the opportunities Brexit offers.⁸⁷ No major such bilateral agreements have been formalised yet. Currently 72.4% of all Welsh food and drink exports go the EU markets, and approximately 92% of lamb exports. Moreover, Welsh farmers currently receive £250 million in direct payments from the EU's CAP.⁸⁸ The National Farmers Union warns that the scenario of 'no deal' with the EU could have catastrophic consequences for the sector, the exports of which could be stopped for six

months.⁸⁹ Additionally, even if exports and payments would be replaced, the period of transition at the level of regulation and calculation of new payments create many uncertainties. The new formula could disadvantage smaller and less dynamic farms and translate into an overall gap of £133 million per year for Wales.⁹⁰ This could generate frustration among those who end up worse off than within the EU.

It is also worth noting that the relative optimism that was observed during the interviews in May 2018 in the areas with a wider support for the Leave option had been largely replaced by a more pessimistic stance among business people during the discussion panels we conducted in January 2019. The new general view was that uncertainty was already negatively affecting the local economy. For instance, recruitment and investment decisions were frozen until there was more clarity on what would happen after 29 March 2019. The expression 'let's get on with it' was several times used. Many business people expressed that they were more concerned with the current uncertainty than with any specific exit scenario. Even those advocating for an exit acknowledged that Brexit will have negative effects in the economy in the short term.

84 Downing E. and Coe S. 2018. Brexit: Future UK agriculture policy. *House of Commons Library Briefing Paper*, Number 8218. 31 January. Available at: <https://www.parliament.uk/documents/commons-library/Brexit-UK-agriculture-policy-CBP-8218.pdf>. Swinbank A. 2017. 'World trade rules and the policy options for British agriculture post-Brexit. *UK Trade Policy Observatory Briefing Paper 7*. Available at: <http://blogs.sussex.ac.uk/uktpo/files/2017/01/Briefing-paper-7.pdf>.

85 Interview with Jim Burley, LEADER Programme Officer for North Nottinghamshire, 23 May 2018.

86 Farmers' Union of Wales (FUW) data from a 2014 survey. Interview with Charlotte Priddy, FUW Policy Officer, 25 May 2018.

87 FUW and National Farmers' Union Wales (NFU).

88 Welsh Government. 2017. Welsh food & drink exports up by almost 20%. 12 July. Available at: <https://gov.wales/newsroom/environmentandcountryside/2017/170711-welsh-food-drink-exports-up-by-almost/?lang=en>. Williams J. 2018. From farm to fork: The future of Welsh lamb post-Brexit. *BBC News*. 6 June. Available at: <https://www.bbc.co.uk/news/uk-wales-44384751>.

89 O'Carroll L. 2018. No-deal Brexit 'would stop British farming exports for six months'. *Guardian*. 26 September. Available at: <https://www.theguardian.com/politics/2018/sep/26/no-deal-brexit-will-be-catastrophic-say-british-farmers-national-farmers-union-eu>.

90 Forgrave A. 2018. Welsh farmers launch funding campaign in a £133m battle for 'survival'. *Daily Post*. 8 March. Available at: <https://www.dailypost.co.uk/news/local-news/welsh-farmers-launch-funding-campaign-14386357>.

Challenges ahead and concluding remarks

A series of lessons can be extracted from this research which may help tackle the sources of discontent which motivated the Brexit vote, as well as the upcoming challenges derived from the actual process of separation from the EU.

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The Remain campaign was extremely weak in some of the areas with higher support for exiting the EU; however, other very important factors help explain the result of the vote. The Leave vote in the referendum was mainly driven by discontent with the current situation and nostalgia about a glorious British past. This discontent cannot be reduced to a single factor. The analysis of the five local areas, Barnet, Ceredigion, Mansfield, Pendle and Southampton, against the backdrop of the most relevant social science studies on Brexit, suggest a combination of ideational factors: chiefly attitudes towards globalisation, migration and identity, rooted in socio-economic and geographic structural characteristics.

At the level of ideas, some segments of the population felt 'left behind' by those they considered to be 'out of touch' elites. They perceived that globalisation was not benefiting everyone equally, and that they were not only on the 'losing side' but also had lost capacity to shape their future. The EU was identified as a driver of globalisation, and leaving the EU was seen as a way to limit the impact of this and 'take back control' of the situation. Although the percentage of migrant population in an area is not correlated with the Leave vote, negative views towards migrants and sudden increases in immigration rates are. Migrants were seen as the cause of lower wages and a threat to local identities. Ethnic divides are becoming increasingly visible in some areas and they are starting to impact local politics.⁹¹ Overall, national identities seem to have contributed to the Brexit result: those strongly identified with English nationalism were more prone to vote Leave, and those who identified with Welsh, Scottish and Irish nationalism leaned towards Remain.

Local economic features have contributed to create a 'geography of discontent', especially in zones where regeneration policies have failed. Areas such as Mansfield and Pendle suffered a difficult industrial restructuring process after the collapse of the mining and textile industries. They have become increasingly dependent on an economic model based on low-skill and low-paid jobs, as well as on controversial business practices which instilled precariousness in the labour market and limited social mobility. In turn, these local dynamics have been stimulated and reinforced by the fact that these

areas are geographically insulated from the main economic hubs. These towns are struggling to compete with bigger cities to attract talent and investment.

Therefore, the discontent linked to the ideational triad globalisation-migration-identity which caused the result of the 2016 referendum is, to a great extent, grounded on local structural socio-economic trends, which are shaped by geographical features too. The Leave vote can be construed as a sort of 'revenge of the places that don't matter' and an attempt to disrupt the current political and socio-economic inertia by creating a critical juncture with the expectation that it will open a new path to prosperity.

However, this new path is surrounded with uncertainties. Leaving the EU is likely not going to provide a long-term solution to most of the problems which triggered the Leave vote. On the contrary, it is likely that some of the areas which largely voted Leave would be worse off. The impacts of Brexit would be highly asymmetric and it has been argued that economically vulnerable citizens and areas are likely going to be hit the most. If exceptional measures are not taken, new 'losers' will emerge in the post-Brexit scenario, and some of those who considered themselves today the 'losers of globalisation' may see themselves locked on an even worse path.

Brexit is going to be overall negative to the economy, according to the large majority of academic and government studies. It seems that the regions of the UK are the most exposed compared to those in the rest of Europe, except for some in the Republic of Ireland. Several studies predict that within Britain, some areas will suffer considerably more than others. The real and perceived inequalities which are at the source of the discontent may persist or become aggravated. In the analysis of the five local areas, several factors have been identified as the main causes of concern in a post Brexit scenario:

a) Exiting the single market may cause a disruption in the import and export flows due to the introduction of tariffs which are likely to very negatively affect industries such as the aeronautical and automotive ones, which require complex logistics chains and overseas customers. There are fears about

⁹¹ Councillor Lord Anthony Greaves explained how ethnic lines currently impact local party dynamics in Pendle, 22 January 2019.



Aberystwyth waterfront

relocation of activities and job losses. Protectionist policies will likely produce an increase in food and other consumer goods prices, which would primarily harm the working classes. Most stakeholders consulted recommend that the UK Government makes the necessary arrangements to safeguard the trade links of local companies with the EU.

b) The decline in immigration, although one of the drivers of the Brexit vote, may aggravate the skill shortage in areas such as technology, health and higher education. British authorities would need to address the mismatch between skills demand and supply by promoting professional training and certain pathways in higher education. Special schemes may also be necessary to recruit and retain foreign high-skilled workers, who are currently essential in some sectors. For instance, the NHS and universities seem particularly exposed to this problem. A significant percentage of nurses, doctors, professors and students are European. Likewise, the food, warehousing, cleaning and care sectors would be negatively impacted by labour shortages.

c) The loss of European funding and payments raises concerns at several levels. The loss of R&D funding from the EU has started to negatively affect British technology firms and universities, which have traditionally been very successful at attracting grants. Similarly, ESIF have underpinned many of the regional and local economic development projects and have been (very) important in rural areas and those which have undergone industrial restructuring. Moreover, British farmers are dependent on CAP payments. Although the UK Government has announced that all this funding will be matched, there are still many doubts about the process of replacement, redesign of the regulatory framework and the new criteria used for the calculation and allocation of funding which may create new 'winners' and 'losers'.

Three other ideas can be elicited from the analyses, interviews and discussions conducted during this research project. First, uncertainty does not only negatively affect the economy but also governance. The relative optimism that followed the referendum has given way to a situation of anxiety. The climate of 'wait and see' among local stakeholders is widespread and is already affecting investment and recruitment decisions. The plans to substitute the labour force, markets, investments and regulations, which are necessary to mitigate the

abovementioned negative impacts, have not been clearly defined or communicated properly yet. As 29 March 2019 approaches, citizens and business seem to be expecting some answers and contingency plans from their local governments. However, the latter are expecting some clarifications on the exit scenarios from Westminster before making decisions.

Second, regardless of the final scenario – either 'hard', with or without deal, 'soft' or 'no Brexit' – policy-makers in both London and Brussels may need to pay more attention to the local realities and specific needs of those who live far from the big centres of political and economic power. The empowerment of local and regional stakeholders through the devolution of responsibility for policy design and implementation could help reduce some of the frustrations observed in particular among Leave voters.

Third, it is unlikely than most of the problems, real or perceived, underpinning the Leave vote will be solved by leaving the EU. Rational economic calculations have not weighed as much in the Brexit vote as discontent and emotions. Citizens were more aware of the problems associated with EU membership than of the benefits this arrangement has provided to the UK and to their local communities. Most voters disregarded the evidence provided by economists and other social scientists. Many even developed a negative attitude towards them, who they accused of ignoring ordinary citizens and communicating only with elites. In order to increase the impact of social scientific evidence on society and influence citizens and policy-makers in the future, scholars may need to establish a more direct, fluid and reflective dialogue with them as this project has attempted.

discussion panels we conducted in January 2019. The new general view was that uncertainty was already negatively affecting the local economy. For instance, recruitment and investment decisions were frozen until there was more clarity on what would happen after 29 March 2019. The expression 'let's get on with it' was several times used. Many business people expressed that they were more concerned with the current uncertainty than with any specific exit scenario. Even those advocating for an exit acknowledged that Brexit will have negative effects in the economy in the short term.



Immigration is an important source of skills-sharing in the aerospace



The Spires, one of the main shopping points in Barnet, situated on Barnet High Street



View of the Mansfield market



Polish Shop in Southampton

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/migrationwiththeuk/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

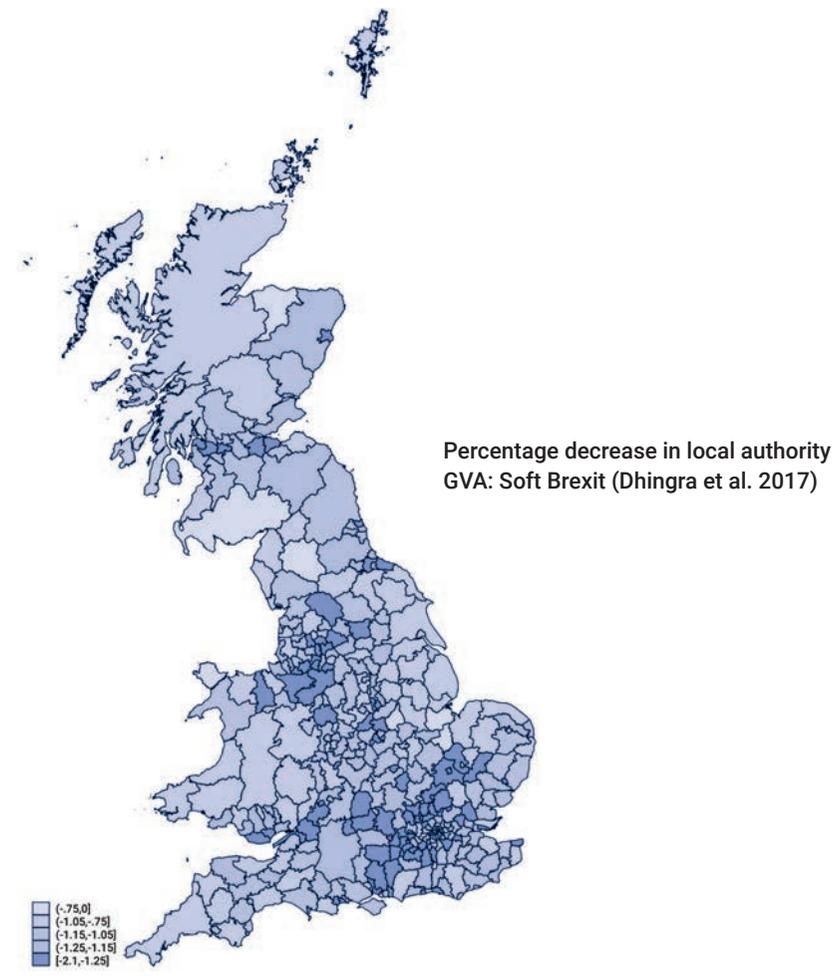
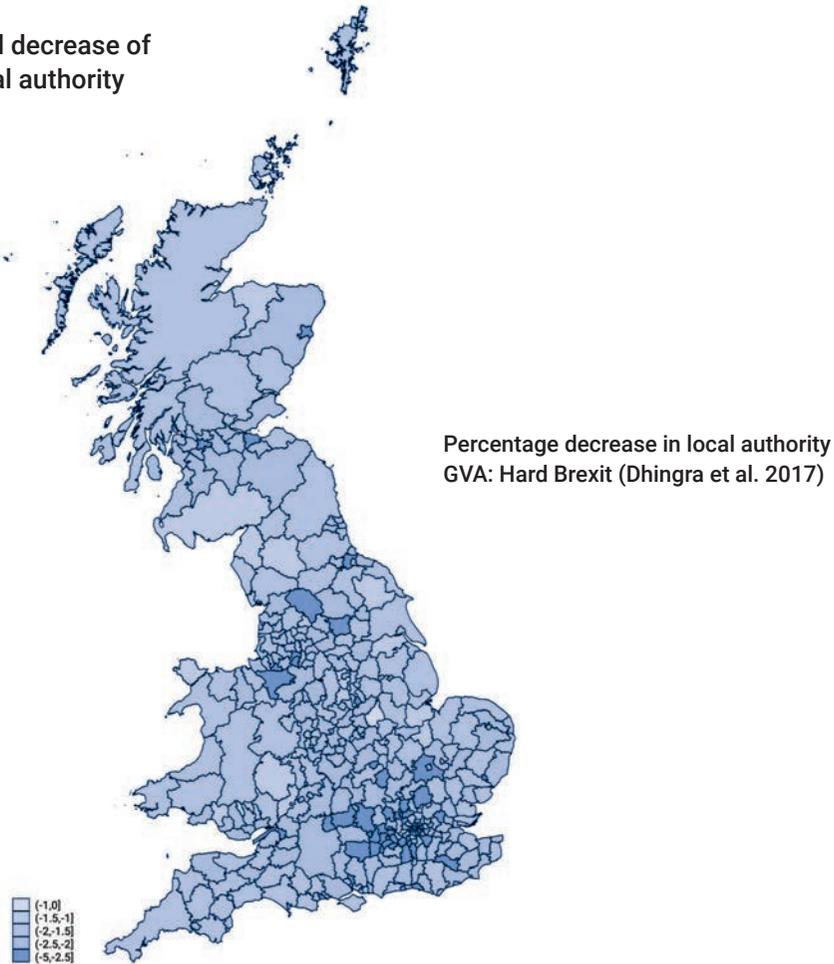
ONS regional price data is available at: <https://www.ons.gov.uk/economy/inflationandpriceindices/articles/relativeregionalconsumerpricelevelsuk2016>

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.

Appendix 2: Post-Brexit estimated decrease of Gross Value Added (GVA) per local authority



Appendix 3: List of interviewees

Barnet	
Nik Haidar	Director at Four23 Management
Sachin Patel	Liberal Democrats campaigner
Nathan Wade	Green Party campaigner
Adam Langleben	Labour Party campaigner
David Webb	Gardening business owner
Hugh Jordan	Local UNISON Representative
Two anonymous interviewees	One academic and a local political campaigner
Twenty short interviews in the street ('vox pops') from a variety of perspectives	
Ceredigion	
John Grattan	Professor and Pro Vice-Chancellor of Aberystwyth University
Peter Howell	National Farmers' Union Cymru
Huw Rhys Thomas	National Farmers' Union Cymru
Elin Jones	Speaker of the National Assembly for Wales, Plaid Cymru
Ben Lake	MP for Ceredigion, Plaid Cymru
Charlotte Priddy	Farmers' Union of Wales
Alun Williams	Ceredigion Council and Cabinet, Plaid Cymru
Mansfield	
Jim Burley	LEADER Programme Officer for North Nottinghamshire
Dominic Wring	Professor of Political Communication, Loughborough University
Martin Rigley	CEO, Lindhurst Engineering
Brian Stopford	Director, Stopford Associates; Board Member, Mansfield & Ashfield 2020
Keith Barnes	Packaging consultant, K. B. Consulting
Sue Kirk	Financial Director, Mansfield Garage Doors
Matthew Wheatley	CEO, D2N2 LEP
Andy Done-Johnson	Journalist, Sheffield Star
James Lowe	CEO, Brightbuster
Ben Bradley	MP for Mansfield, Conservative Party
Pendle	
Wayne Blackburn	Labour Councillor, Pendle Borough Council
Tony Greaves	Liberal Democrat Councillor, Pendle Borough Council
Joe Cooney	Conservative Councillor, Pendle Borough Council
Gordon Lishman	Liberal Democrat Candidate 2017 General Election
Dennis Mendoros	President Mendor Enterprises, former Owner of Euravia
Neil McInroy	Chief Executive, Centre for Local Economic Strategy
Andrew Leeming	Senior Project Officer, Lancashire County Council
Miranda Barker	CEO, East Lancashire Chamber of Commerce
Dominic Collis	Journalist, Burnley Express

Southampton	
Will Jennings	Professor of Political Science, University of Southampton
Alan Whitehead MP	Member of Parliament for Southampton Test, Labour Party
Ivan White	Councillor Bitterne Park Ward, Conservative Party
Andrew Pope	Southampton Independent Party, Redbridge Ward
Denise Wyatt	Redbridge Ward Council candidate for Southampton Independents at the 2016 local elections and Leader of Southampton Independents
Alan Fraser	GMB Southern Regional Education Officer
Matthew Claisse	Councillor Portswood Ward, Conservative Party
Neil McCullough	Associate Director, Oxford Economics

Appendix 4: Participants in discussion panels

Barnet		28 September 2018
Ben Samuel	Student and worker in the gardening sector	
David Webb	Owner of a gardening business, also part of Chipping Barnet for EU	
Nik Haidar	Director at Four23 Management	
Dami Olatuyi	Law student	
Rashida Laca	Retired social worker	
Ouamar Madjid	Owner of Patisserie Joie de Vie	
Joelle Grogan	Senior Lecturer in Law, Middlesex University	
Nelson, Pendle		22 Jan 2019
Steve Whitehead	CEO Training 2000 Limited	
Alison Rushton	Vice Principal Nelson and Colne College	
Bill Jacobs	Journalist, Lancashire Telegraph	
Tony Greaves	Lord and Lib-Dem local leader	
Mansfield		4 Jan 2019
Lee Anderson	Councillor, Conservative Party	
Helena Brothwell	Principal, Queen Elizabeth's Academy, Mansfield	
Jim Burley	The North Nottinghamshire LEADER Programme Officer	
Richard Crisp	Commercial Development Executive, Mansfield Building Society	
Tony Delahunty	Managing Director, Mansfield 103.2FM	
Andrew Topping	Journalist, The Mansfield Chad	
Kath Jephson	Managing Director (Owner), B Jephson (Mansfield) Ltd	
Alex Peace-Gadsby	Trustee, The Inspire & Achieve Foundation	
Andy Done-Johnson	Journalist, Sheffield Star	
Sonya Ward	Labour Parliamentary candidate, Mansfield Labour Party	
Mark Higginbottom	Mansfield & Ashfield 2020	
Lynn Oxborrow	Principal Lecturer in Small Businesses and Supply Chain in Nottingham Trent University	
Graham Kirk	Partner, Mansfield Garage Doors	

Acknowledgements

We would like to express our gratitude to Amy Crinnion, Anna Mkhitarian, Jonathan Ing, James Rattee, Rose Deller, Claire Harrison, Liz Trumble, Brett Yarham, Joelle Grogan, Nik Haidar, Oumar Madjid, Andrew Leeming, Bill Jacobs, Mark Higginbottom, Mansfield and Ashfield 2020, Lynn Oxborrow, Will Jennings, Justa Hopma, Dyfan Powell, Michael Woods, Julia Black, Marie Copperwaite, Louise Jones and Jon Deer, for supporting our research and dissemination activities.

Our special thanks are extended to all the interviewees and participants in our discussion panels for their invaluable input.



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

Tel: +44 (0) 207 955 6419

Twitter: @LSE_CCS

lse.ac.uk/ccs/brexit



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