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# UNDERSTANDING BREXIT IMPACTS AT A LOCAL LEVEL

Southampton 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.



14th-century Merchant's House, Southampton

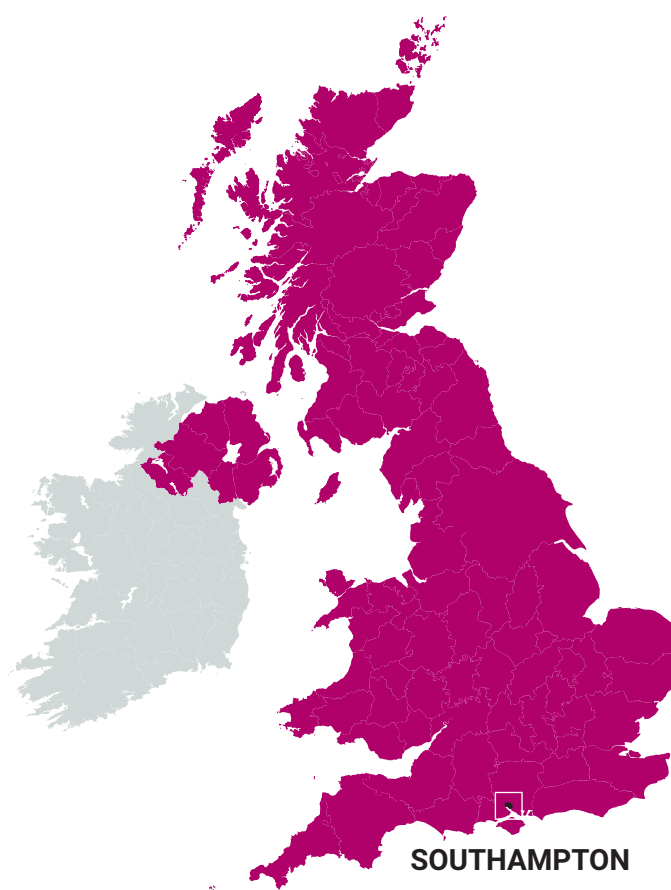
Front cover: Control tower, Southampton Docks

# Understanding Brexit impacts at a local level

## Southampton 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

The Brexit vote was a response to local economic mismanagement of public services following the rapid surge of Eastern European immigrants after EU enlargement. It also mirrored a desire to retain sovereignty against the unaccountable and mistrusted EU. Polarisation between 'Remainers' and 'Leavers' is likely to persist unless any exogenous shock occurs.

*Immigration appears to be a crucial factor behind Brexit support and economic and policy impacts.*

According to local experts and reports, only a 'short-term slow growth' is expected after Brexit as Southampton is not heavily dependent on EU funding or exposed to EU markets. Yet, wealth creation and productivity growth will be particularly affected as opposed to job creation, as well as an increased pressure on maintaining decent standards of living.

*There is a widespread concern regarding the expected loss of EU funding and shortage of skilled labour in hospitals and universities following restricted migration with Brexit. The lack of clarity with regards to what the negotiation deal will look like also creates an uncertain and low-growth business environment.*

A Brexit opportunity with higher levels of trade of the Port with non-EU countries can be foreseen, yet it is contingent upon the Brexit deal. Even the softest version of Brexit is likely to impose export duties that would increase costs and restrict in some way the free movement of goods.

*Local projects to revitalise the city centre may include urban planning, sectoral and cluster development to increase high value jobs and unionisation of migrant workers for better integration, while securing the basic needs of the population.*



# Introduction

**This report shows a contrasting picture for Southampton. On the one hand, the decreasing number of immigrants from EU states is likely to produce a shortage of skilled labour and reductions of funding in hospitals and universities, as well as an overall slowdown growth.**

However, the Southampton port, the top British port for trade with countries outside the EU, embodies the post-Brexit successful model of frictionless international commerce that aims to be replicated in other UK ports that mainly trade with EU countries (i.e. the Ports of Dover, Felixstowe). Opportunities ranging from urban planning, entrepreneurial boost to unionising migrant workers could help reinvigorate and strengthen Southampton.

This report is a part of the first wave of the project: 'Understanding Brexit impact at local level.' The main objective of this project is to improve Governance after Brexit by increasing knowledge and awareness of the differentiated impact of Brexit at local levels.

While there has been a lot of research on the macro-economic impact of different Brexit scenarios, including broader regional impacts, and on the impact on specific sectors (e.g. agriculture, manufacturing, fisheries and education), there has been very little locally-based research. A second objective is to contribute to better-quality discussion and debate. By fostering evidence-based discussions at the local level and engaging policy-makers and citizens in the process of defining priorities and concerns, we aim to help achieve better outcomes for their local areas in the EU exit process.

This report relies both on qualitative field research and socio-economic quantitative analysis. Interviews with local stakeholders were conducted in Southampton in May-June 2018. The recorded interviews lasted between half an hour and two hours. Phone and Skype interviews were also conducted. Interviews included general questions such as the local reasons behind the Brexit vote and the people's perceptions' of Brexit, and more specific questions about the likely impacts of Brexit on various sectors of the economy depending on the expertise of the interviewees.

We talked to local experts from various professional backgrounds (academia, politics, unions, businesses) and divergent political sides to give a well-grounded and in-depth picture of the projected economic and social effects on the local authority of Southampton. In order to capture the widest range of opinions, the local political representatives come from across the political spectrum and equally represent the voices of 'Leavers' and 'Remainers' from different wards.

This report is also based on desk research of local and national news reporting on Southampton (*The Southern Daily Echo*, *the Guardian*) as well as on quantitative analysis from a variety of sources, notably from the Centre of Economic Performance (CEP) at the London School of Economics and Political Science (LSE), Health and Social Care Information Centre (NHS Digital) and the Solent Local Enterprise Partnership (LEP) report of economic predictions in the South East region.

After providing a contextual overview of Southampton, the report will highlight the factors behind its Brexit support and the ways in which Brexit is likely to impact the city's economy. It will then expose the challenges and future opportunities posed by Brexit for Southampton.



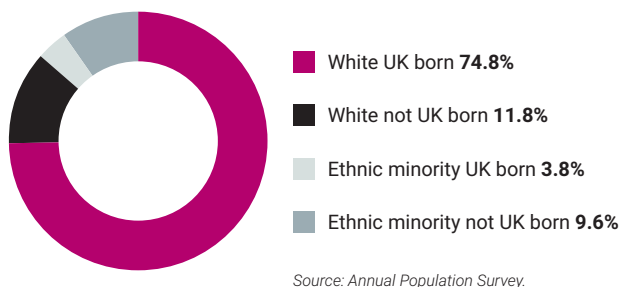
Image 1: Southampton Civic Centre

# Southampton in context

**Southampton is a middle-sized city of 236,882 inhabitants, characterised by an ageing population and low population growth.**

The city has a sizeable non-UK population of around 22.9%.<sup>1</sup> In particular, Southampton has been a high-density post-accession Polish destination. It is estimated that there are 8,391 Polish workers living in Southampton, comprising 3.5% of the population of the city.<sup>2</sup>

**Figure 1: Southampton population by ethnicity, 2016.**



Southampton's port is the busiest cruise terminal and second largest container port in the UK. It is currently the number one vehicle-handling port, while vying with Felixstowe as the top-performing container terminal. Its deep-water quay is built to handle the biggest ships in the world. As the biggest export port in the UK, it handles £40 billion worth of exports every year.<sup>3</sup> Its continued success is vital to the city's economy, and as a regional retail and economic centre, Southampton's economy is heavily reliant upon its transport links. It annually contributes one billion pounds to the UK economy<sup>4</sup>.

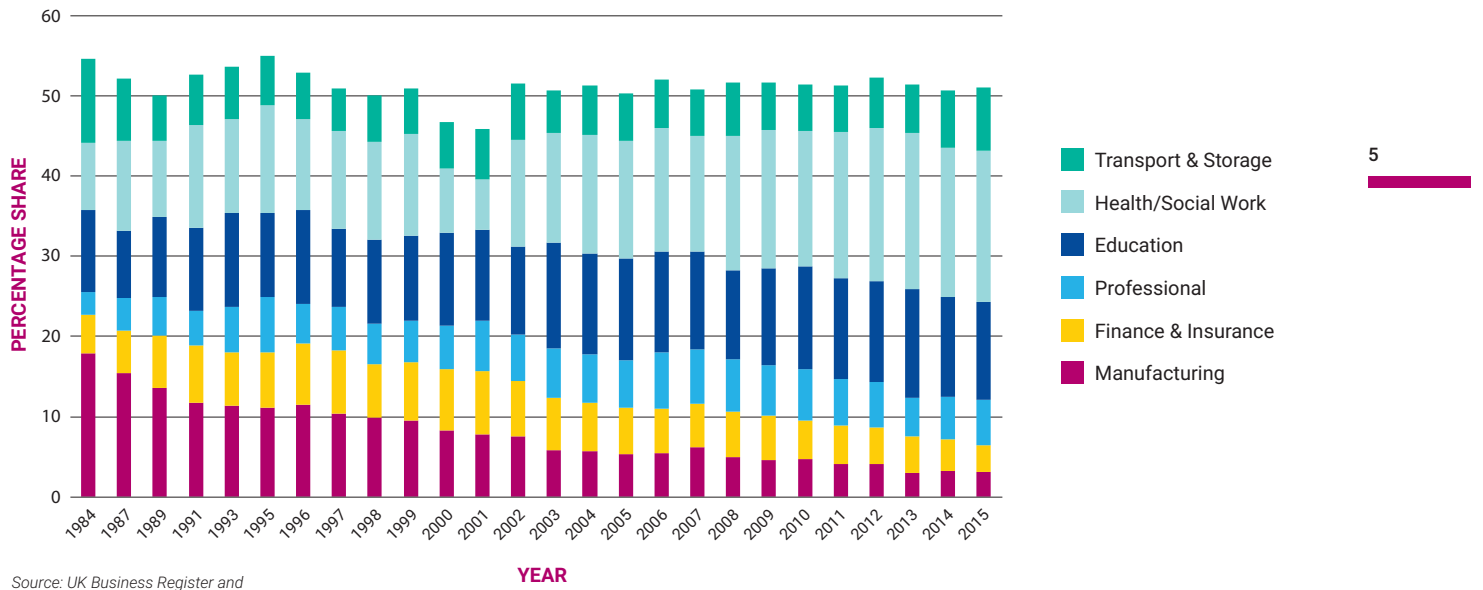
Southampton has shown a strong post-recession recovery, growing by 8%, or 8,000 jobs, since 2009. In 2015 Southampton's economy provided jobs to 107,000 people.<sup>5</sup> This growth has been driven by the expansion of business and support services, health services and the transport sector, together adding 10,000 jobs.<sup>6</sup> Where job losses did occur, these were highest in the financial and insurance services and in manufacturing, where 3,500 jobs were lost.<sup>7</sup>

It is considered an area of low unemployment (6%), with below average wages and productivity and a large concentration of jobs in retail, management and professional sectors. As Figure 2 shows, one in six of all jobs is related to the dock functions and associated activities. There is also a concentration of health jobs linked to a hospital-university nexus, which constitutes the highest concentration of managers and professionals among residents.<sup>9</sup> By 2015 nearly 20% of all employment was in the health services sector.<sup>9</sup>



1 Southampton City Council. 2016. Mid year population estimate 2016. Available at: <https://www.southampton.gov.uk/council-democracy/council-data/statistics/mye-southampton.aspx>.  
 2 Ibid.  
 3 Southampton Port set for record export year, Institute of Export and International, July 2017, Available at: <https://www.export.org.uk/news/354558/Southampton-Port-set-for-record-export-year.htm>.  
 4 Oxford Economics. 2017. *Solent Local Enterprise Partnership Report : Baseline forecast and the Implications of Brexit*. Available at: <https://solentlep.org.uk/media/1887/solent-lep-baseline-forecasts-and-the-implications-of-brexite.pdf>.  
 5 Rumfitt, A. 2017. Analysing 'Brexit': Opportunities and challenges for economic growth. *Journal of Urban Regeneration and Renewal*, Vol. 10, 3, pp. 216-226.  
 6 Ibid.  
 7 Ibid.  
 8 Ibid.  
 9 Ibid.

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



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



Image 2: Port of Southampton

# The Brexit vote 'A divided city'

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**Underscoring the reasons behind the Brexit vote in Southampton is key to better understanding the concerns and policy priorities of the local population.**

The factors that pushed the residents to cast a Brexit ballot shed light on the socio-economic impact of Brexit on the town's economy. The Brexit vote in Southampton was reflective of a divided city between 'Remainers' in the West and 'Leavers' in the East whose polarisation may constitute a continuous risk factor to the unity of the city. The main arguments behind Brexit that emerged from the interviews emphasise the immigration matter given the rapid surge of Eastern European migrants and the sovereignty rationale with the desire to 'take back control' from the EU and London-led elite.

The Brexit vote in Southampton typically 'embodied the broader socio-political divide we saw across the UK' as argued by Professor Will Jennings.<sup>10</sup> Overall 53.8 % voted 'Leave'.<sup>11</sup> Southampton has a history of marginal Parliamentary seats and wards. There are two constituencies, split between the Labour and Conservative parties, and two distinct socio-economic profiles: the cosmopolitan and ethnically diverse Western part of the city with young mobile students or professionals who voted 'Remain' (Southampton Test) versus the white working-class constituency who voted 'Leave' in the East (Southampton Itchen).<sup>12</sup> Wards that mainly voted 'Leave' used to register a higher share of UKIP support, which is in line with previous findings and research conducted at LSE.<sup>13</sup> However, different wards voted differently within the constituency. In Southampton Test, not far from the large

concentration of Polish migrants in Shirley and Portswood, the Redbridge ward voted 'Leave' by a landslide.<sup>14</sup>

The literature has emphasised the importance of identity on the Leave vote where people were not persuaded by arguments about economic risks.<sup>15</sup> Yet, such arguments do not encapsulate all positions of the 'Leavers' in Southampton. Across all interviews, the local economic pressure on public services following the rapid and unprecedented influx of Eastern European immigrants was stressed as a key driver behind the Leave vote.<sup>16</sup> The formerly Labour-supporting traditional working class slowly turned to support UKIP and the Brexit vote given the increasing economic strains that immigration put on schools and housing.<sup>17</sup> Councillor Andrew Pope advances from his data collection of his Redbridge ward that a shortage of places in primary schools escalated from '5 to 15 % in less than five years'.<sup>18</sup> However, he also confirms Professor Eric Kaufmann's findings that it is the rapid rise of immigration inflow rather than established levels of migration that fosters anti-immigrant resentment.<sup>19</sup>

This contextual factor was accompanied by political disenchantment with the party system and its representatives amongst the traditional working class who used to vote Labour.<sup>20</sup> Professor Will Jennings emphasised that this segment of the party sympathisers lost faith in Labour during

10 Interview with Will Jennings, 17 May 2018.

11 EU Referendum Results, 1998-2018. Available at : <https://www.southampton.gov.uk/council-democracy/voting-and-elections/elections-and-referenda/previous-elections-results.aspx>.

12 Interview with Will Jennings, 17 May 2018. See also Jennings W. and Stocker G. 2016. The Bifurcation of Politics: Two Englands. *The Political Quarterly*. Vol 83, 3, pp.372-382.

13 Goodwin M. J. and Heath O. 2016. The 2016 Referendum, Brexit and the Left Behind: An Aggregate-level Analysis of the Result. *The Political Quarterly*. Vol. 87, 3, pp. 323-332. Hobolt S. 2017. The Brexit Vote: A Divided Nation, a Divided Continent. *Journal of European Public Policy*. Vol. 23, 9, pp. 1259-1277.

14 Interview with Councillor Andrew Pope and Former Council Candidate Denise Wyatt, 6 June 2018.

15 Swales K. 2016. Understanding the Leave Vote. *NatCen Social Research*. Available at : [http://natcen.ac.uk/media/1319222/natcen\\_brexplanations-report-final-web2.pdf](http://natcen.ac.uk/media/1319222/natcen_brexplanations-report-final-web2.pdf).

16 Interviews with Councillor Andrew Pope and Denise Wyatt, 6 June 2018.

17 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*, Vol. 19, 3, pp.450-464.

18 Interview with Councillor Andrew Pope, 6 June 2018.

19 Kaufmann E. 2017. *Levels or Changes?: Ethnic Context, Immigration and the UK Independence Party Vote*. *Electoral Studies*. 48, pp. 57-69.

20 Jennings W. and Stoker G. 2017. Tilting towards the cosmopolitan axis? Political change in England and the 2017 general election. *The Political Quarterly*, Vol. 88, 3, pp. 359-369.



Tony Blair's leadership after it failed to tackle the long-term structural issues of immigration.<sup>21</sup> Labour MP for Southampton Itchen, John Denham, wrote a memo to Blair two years after EU accession to warn them that the number of immigrants was far higher than the government's figures had forecast.<sup>22</sup> He argued that many new arrivals were not using the worker registration scheme (many were self-employed), instead offering themselves to construction sites: the daily rate as a builder in the city had thus fallen by 50% in those 18 months.<sup>23</sup> An education college also had to close its doors after 1,000 migrants attempted to sign up for an English-as-second-language course in one day.<sup>24</sup> In addition, recent economic development of the city prioritised rebranding the city centre, which is worth millions, over providing basic needs to the local population.<sup>25</sup> Such increase of dire economic conditions resulted in the rise in popularity of a protective nationalism.<sup>26</sup> The immigrants became the 'personified symptoms of mismanagement of local economy' as advanced by the Leader of Southampton Independents and former Council candidate Denise Wyatt.<sup>27</sup> Whereas the legitimate anxiety created by immigration was not discussed in the Remain campaign, the Leave campaign vocally expressed an anti-immigrant narrative that resonated in the local population's minds.

Notwithstanding this anti-immigrant resentment, Alan Whitehead MP highlights that there is also a concentration of a well-integrated immigrant population in the Western part of the city where residents mainly voted Remain, mostly among the old established immigrant population.<sup>28</sup> A large presence of economically active residents who initially filled in jobs residents did not desire (cleaners, shop-workers) or highly-qualified roles (the high community of Italian and Portuguese immigrants in hospitals, academia) strongly contributed to the local economy.<sup>29</sup> All Councillors who were interviewed pointed out that the highly-qualified immigrant population from Southern Europe is better integrated than the less-qualified Eastern European population. This is in line with the literature that shows that high-skilled immigrants are preferred over low-skilled immigrants.<sup>30</sup>

Interestingly enough, as Alan Whitehead MP pointed out, the Eastern part of the city, which has far fewer immigrants, mainly voted Leave<sup>31</sup>. This indicates that it is rather the perceived threat of close exposure and not immediate contact with immigrants that drives people's anti-immigrant Brexit support.<sup>32</sup> Given their close but not immediate proximity, people are more sympathetic to the Brexit narrative that portrays immigrants as scapegoats. This corroborates the 'contact' theory that long-term exposure to immigrants increases tolerance towards immigrants.<sup>33</sup>



Image 3: Councillor Andrew Pope and Redbridge Towers

Another influential anti-EU argument that came in most interviews was the desire to take back control from the EU.<sup>34</sup> The vote against EU membership represented a vote against 'out-of-touch' and mistrusted government by a population who believes the political elite no longer has their interests at heart.<sup>35</sup> Councillor Andrew Pope and Former Council Candidate Denise Wyatt claim that the fact that the local campaign ignored local issues to instead focus on the national picture contributed to this increased disaffection with the London elite and the EU.<sup>36</sup> A telling example they mentioned was the fire which killed two firefighters in the Shirley Towers in April 2010. Following the Grenfell incident<sup>37</sup>, some local councillors have raised concerns to strongly recommend sprinklers to be fitted

21 Interview with Will Jennings, 17 May 2018.

22 Farrell J. and Goldsmith P., 2017. *How to Lose a Referendum : The Definitive Story of Why the UK Voted Brexit*. Biteback Publishing.

23 Ibid.

24 Ibid.

25 Rachel Adams. 2016. Multi-million pound plans to transform Bargate centre in Southampton revealed. *The Southern Daily Echo*. May.

26 Interview with Councillor Andrew Pope, 6 June 2018.

27 Interview with Denise Wyatt, 6 June 2018.

28 Interview with Alan Whitehead MP, 22 May 2018.

29 Ibid.

30 Hainumeller J. 2010. Attitudes towards Highly Skilled and Low Skilled Immigration: Evidence from a Survey Experiment. *American Political Science Review*. 104, 01, pp. 61-84.

31 Interview with Alan Whitehead MP, 22 May 2018.

32 Ibid.

33 McLaren. L. M. 2003. Anti-immigrant Prejudice in Europe : Contact, Threat Perception, and Preferences for the Exclusion of Migrants. *Social Forces*. 81, 3. pp. 909-936.

34 Interview with Councillors Ivan White and Andrew Pope, 6 June 2018.

35 Ford R. and Goodwin M. 2014. *Revolt on the Right : Explaining Support for the Radical Right in Britain*. Routledge.

36 Interview with Councillor Andrew Pope and Denise Wyatt, 6 June 2018.

37 Ibid.



Image 4: The Southern Daily Echo front page, 11 April 2017

in existing high-rise blocks.<sup>38</sup> Although the Towers have been tested and now meet all government safety standards, some local councillors and media (image 4) have reprised this issue in the last local election in the city. Such political distrust has led to the rise of the Independent party.

Since the EU referendum, the issue of Brexit was ignored in the 2017 General Election at the local level and has been ever since by local councillors given its highly politicised and divisive nature. A crystallised identity cleavage is likely to persist.<sup>39</sup> Will Jennings argues that 'unless an important exogenous shock or drastic change of public opinion will happen, the polarisation is likely to continue'.<sup>40</sup> As long as people feel that they have no influence over the immediate circumstances within which they live, then divisions will become ever more entrenched and inflammatory.<sup>41</sup> There is also a large sense of frustration among both Leavers and Remainers with regards to the negotiation process. Interviewees pointed to feelings of disappointment among the former and disenchantment and unwanted change among the latter.<sup>42</sup> Such cleavage may become a driving principle in post-EU-exit policy-making in Southampton.

## The economic challenges

Despite expecting a low-growth pattern in the short term, Southampton's growth will not be hit as hard as cities that heavily depend on EU funds or the market. Instead, economic pressure will be put on the lack of wealth creation and productivity, combined with extra pressure on public services and potential loss of EU funding for academia and health services.

Southampton is expected to see 'a short-term slow down' in growth after Brexit due to the uncertainty and more cautious investment environment, according to Anne Marie Mountfield, the Chief Executive of New Hampshire local enterprise partnership.<sup>43</sup> The inability of the UK government to provide a clear preferred deal has prevented businesses from seizing opportunities for growth, which results in lower investment in local communities. These effects of current low growth are visible in all parts of the UK, and only likely to improve as the Brexit deal becomes clearer.<sup>44</sup>

With regards to the likely effects of Brexit on growth in Southampton, the LSE's CEP predicts a decline of 1.2 % on growth for a soft Brexit negotiation deal in comparison to a fall of 1.9% for a hard Brexit.<sup>45</sup> While not negligible, this is relatively lower than cities that heavily rely on financial services, like London, or on EU funding. The South East funding from European sources is minimal as Neil McCullough, the Associate Director at Oxford Economics who contributed to the Solent LEP report that assessed socio-economic impact of the South East region, states it.<sup>46</sup>

Neil McCullough also asserts that the economic challenge does not lie in job loss since unemployment is low, but rather in the lack of wealth creation and productivity, combined with increasingly difficult conditions for maintaining decent standards of living.<sup>47</sup> Despite living in an affluent region with employment opportunities thanks to the University of Southampton<sup>48</sup>, the local population has low-paid jobs, mostly in the retail sector.<sup>49</sup> There have also been a rise of rent prices and decline of homeownership<sup>50</sup>, as seen by a sharp increase of 12% in rent prices in 2016 compared to 2015, the fourth biggest increase among major UK cities.<sup>51</sup> As commodity

38 Ibid.

39 Hobolt S. 2017. The Brexit Vote: A Divided Nation, a Divided Continent. *Journal of European Public Policy*. Vol. 23, 9, pp. 1259-1277.

40 Interview with Will Jennings, 17 May 2018.

41 Ibid.

42 Interviews with Councillors Ivan White and Andrew Pope, 6 June 2018.

43 Interview with Anne-Marie Mountfield at a Built Environment Networking event in Ross A. 2018. Brexit slow-down will be 'short-term' say LEP. *Southern Daily Echo*, 7 June. Available at : <http://www.dailyecho.co.uk/news/16275241.brexit-slow-down-will-beshort-term-says-lep/>.

44 Ibid.

45 Centre of Economic Performance Estimates, LSE, 2017

46 Solent LEP Report. 2017.

47 Written Statement via Email by Neil McCullough, 28 May 2018.

48 PwC Report, 2018 Good Growth for Cities Index, <https://www.pwc.co.uk/who-we-are/regional-sites/south-east/press-releases/good-growth-for-cities.html>

49 Ibid.

50 Ibid.

51 Hometrack UK. 2016. UK Cities House Price Index. Available at: <https://www.hometrack.com/uk/insight/uk-cities-house-price-index/>

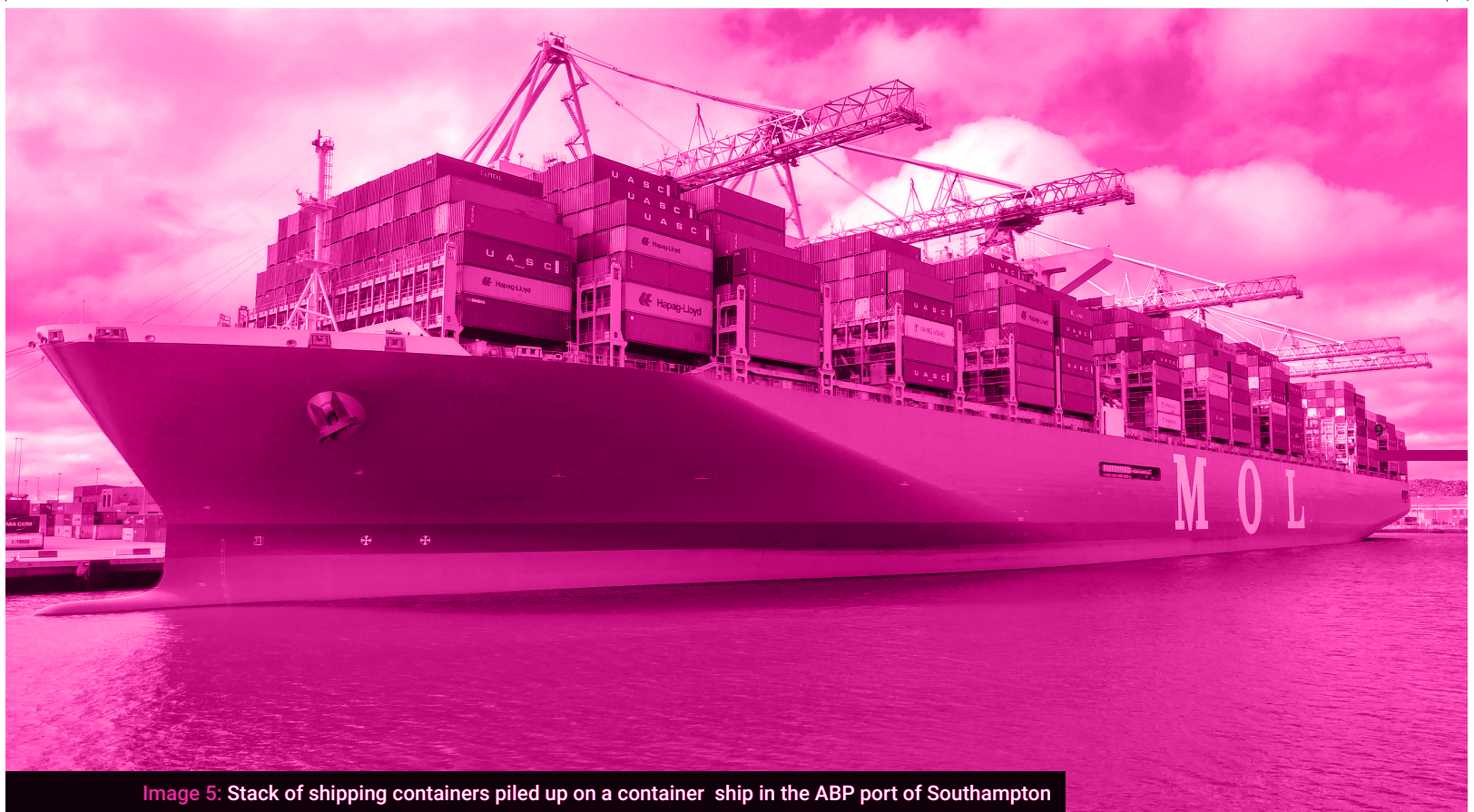


Image 5: Stack of shipping containers piled up on a container ship in the ABP port of Southampton

prices are expected to rise from 4 to 7% on average,<sup>52</sup> the living expenses will put an extra pressure on households, which is likely to become a serious concern among the population, as stressed by most councillors.

The stagnant economy in the city comes from the economic geography and historical legacy of typical British post-war development plans that did not revitalise the city.<sup>53</sup> Southampton was pulverised by bombs during the Second World War and had to be rebuilt at speed, which resulted in Soviet-style concrete and rushed planning. Moreover, the stagnant economy has not developed as much other dock cities like Leeds or Liverpool.<sup>54</sup> Unlike in these cities where docks ceased to be relevant, the Southampton docks need to stay working as their productivity has increased.<sup>55</sup> Local councillors highlighted that less money from the government has been poured into the city than other dock cities.<sup>56</sup>

Another negative economic implication is a potential loss of funding for research in the two main universities, the University of Southampton and Southampton Solent University. It is particularly concerning for the latter since it is the British university which relies the most on EU funding, with 91.35% of competitive grant research income from the EU from 2006 to 2015.<sup>57</sup> While the government has said they will safeguard research funding already approved, that nevertheless leaves considerable long-term uncertainty on whether Horizon 2020 programmes are maintained, as Will Jennings argues.<sup>58</sup> Unless the EU funding for research is replaced by direct grants from the UK government or by other benefactors, the quantity and/or quality of research could suffer due to lack of finance. The current high number of EU students at the University of Southampton (7.2%), which contributes to the diversity of the student fabric and the international university reputation, is also in jeopardy because non-UK EU students will no longer be able to pay home tuition fees but will be charged higher overseas fees and will need a visa to study.<sup>59</sup> Vice-Chancellor Professor Sir Christopher Snowden at the University of Southampton holds that 'whether this will be a financial benefit or deficit is yet to be determined'.<sup>60</sup>

52 Centre of Economic Performance, LSE. Available at: <http://cep.lse.ac.uk/pubs/download/cp518.pdf>

53 Interview with Will Jennings, 17 May 2018.

54 Interviews with Councillor Ivan White, 4 June 2018, and Alan Whitehead MP, 22 May 2018.

55 Ibid.

56 Interviews with Councillor Andrew Pope and Denise Wyatt, 6 June 2018.

57 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>.

58 Interview with Will Jennings, 17 May 2018.

59 Highman L. 2018. Eu students at UK universities : Patterns and trends. *LSE Brexit Blog*. 13 April. Available at <http://blogs.lse.ac.uk/brexit/2018/04/13/eu-students-at-uk-universities-patterns-and-trends/>

60 Interview with Sir Christopher Snowden. 2016. *What Brexit means for us*. University of Southampton website. Available at: <https://connects.soton.ac.uk/feature/what-brexit-means-for-us>

## The immigration effects

Southampton is most exposed to the likelihood of restricted migration, which will increase the need to fill in highly-skilled job vacancies while leaving the integration process of immigrants unresolved.

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Having experienced above average inward migration per thousand of the resident population, at 21.4% when the UK average is 10.4%, net migration in Southampton had been sufficient to offset the local ageing population.<sup>61</sup> Oxford Economics and LSE CEP predict a shrinkage of the working-age population in absolute terms, which will ultimately decrease the productive capacity of the city.<sup>62</sup> Neil McCullough argues that when the economy gravitates around full employment, as is the case in Southampton, productivity becomes the key driver of growth.<sup>63</sup> Yet, most productivity growth comes from high-paid and highly-qualified jobs which are owned by immigrants<sup>64</sup>.

Similar to other case studies, a large high-skilled labour shortage is expected in academia and in health services.<sup>65</sup> Figures obtained via NHS Digital also reveal that the proportion of EU doctors, nurses and other staff members leaving in

the first six months of 2017 was larger than the entirety of 2014/2015.<sup>66</sup> Danny Mortimer from the Cavendish Coalition adds that the University Hospital Southampton NHS Foundation Trust is one of 29 in the country where both the proportion of EU employees joining the organisation has fallen in consecutive years, and the amount of EU employees leaving has grown.<sup>67</sup> At Solent NHS Trust, the number of staff joining from the EU in 2016/2017 was just ten.<sup>68</sup> NHS organisations are working hard to address staff concerns and better retain vital skills, but they also need national support.<sup>69</sup> As far as the universities are concerned, the uncertainty regarding the terms of the UK's exit from the EU has the potential to deter EU students from studying in those universities.<sup>70</sup> Currently, 12% of academics at the University of Southampton are EU professors and 18% of PhD students come from the EU.<sup>71</sup> Danny Mortimer advances that a post-Brexit environment will require to fill in highly-qualified jobs in academia and health services left by EU citizens.<sup>72</sup>

Brexit will present some local challenges with regards to the integration of immigrants.<sup>73</sup> Some local unions helped to facilitate the arrival of newly EU migrants at their workplaces.

61 Solent LEP Report, 2017 and LSE CEP.

62 Ibid.

63 Written Statement via Email by Neil McCullough, 28 May 2018.

64 Ibid.

65 Solent LEP Report, 2017.

66 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>.

67 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/](http://www.dailyecho.co.uk/news/15597559.More_EU_staff_quit_Hampshire_NHS_trust/).

68 Ibid.

69 Ibid.

70 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: <https://www.southampton.ac.uk/publicpolicy/what-we-do/consultations/new-style-responses/leaving-the-eu-implications-and-opportunities-for-science-and-research.page>.

71 Ibid.

72 Shaw. 2017.

73 Interview with Alan Fraser, 6 June 2018.



Image 6: Polish Shop in Southampton

'Currently, 12% of academics at the University of Southampton are EU professors and 18% of PhD students come from the EU'



The GMB trade union set up a migrant workers branch in Southampton in October 2006. In this branch, workers are mainly from Poland but it also includes workers from Pakistan, Lithuania, the Czech Republic and Slovakia. Alan Fraser was the co-founder and manager of this programme. He said in an interview that the GMB's objective was to recruit and push migrant workers to self-organise to take an active role and eventually address issues of inequality and discrimination that may affect them.<sup>74</sup> The GMB was able to organise these workers mainly through training and education, offering English for Speakers of Other Languages (ESOL) classes and advice on employment issues to facilitate their integration. Despite an early successful start that saw the rapid growth of migrant workers in the union from 56 to 500 (10% of new recruits are from the migrant community in the Southern Region in 2010), the project was eventually abandoned.<sup>75</sup> According to Alan Fraser, the lack of resources, staff and long-term strategy contributed to the downfall of the project.<sup>76</sup>

Following the union's failed project, resentment towards immigrants was fuelled. Reinforced by tabloids<sup>77</sup> and due to their vulnerable and voiceless position, 'immigrants easily became responsible for the increasing difficult economic conditions, especially low-skilled immigrants'.<sup>78</sup>

It might be particularly difficult for the immigrants in the city given the resentment among the Polish population, as pointed out by Councillor Andrew Pope and Denise Wyatt.<sup>79</sup> The 20th-century Polish migrants to the UK are somewhat different to the migrant identity of post-accession Poles<sup>80</sup>. Whereas the former established close-knit associational ties amongst their group by participating in Church activities and Polish clubs, the latter prefers impersonal interactions with informal or Polish amenities. As a result, the newly-arrived Poles have distanced themselves from other Poles and avoid existing 'community' institutions. This, combined with a lack of linguistic competence and integration with the non-Polish population, has led them to live very secular lives in Southampton.<sup>81</sup> This argument, stressed in the interviews with Councillor Andrew Pope and Denise Wyatt, resonates with the qualitative study conducted in Southampton by McGhee et al, 2015.<sup>82</sup>

Nonetheless, there has not been any presence of overt racism or increase of violence against immigrants noted before or after the referendum.<sup>83</sup> Councillor Matthew Claisse did not record or witness any discrimination against immigrants in his ward, which has the highest Polish population in Southampton.<sup>84</sup> The hostile environment that is sometimes portrayed in some areas is not present in Southampton.

74 Ibid.

75 Ibid.

76 Ibid.

77 Lazzeri A. 2014. Southampton locals swamped by 25k influx say 'too many people'. *The Sun*. 12 April. Available at: <https://www.thesun.co.uk/archives/news/738664/southampton-locals-swamped-by-25k-influx-say-too-many-people/>.

78 Interview with Alan Fraser, 6 June 2018.

79 Interviews with Councillor Andrew Pope and Denise Wyatt, 6 June 2018.

80 Ibid.

81 Ibid.

82 McGhee D., Traveria P. and Heath, S. 2015, Social Relationships and Relationships in Context : Post-Accession Poles in Southampton. *Population, Space and Place*, Vol. 21, 5, pp.433-445.

83 Interviews with Alan Whitehead MP and Councillor Matthew Claisse,

84 Ibid.



# 'A Better Brexit'

12

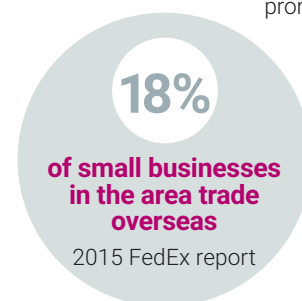
**Ways to tackle some of the problems and uncertainties created with Brexit involve investing in more qualified labour in dock-related areas, health services academic and high-tech while contributing to the integration of immigrants in the workplace and securing residents' basic needs.**

A Brexit opportunity is to develop a skilled workforce able to compete internationally. Of the sectors identified, those that were most promising are transport and dock-related jobs.<sup>85</sup> The area has individual industrial strengths that can offer opportunity under Brexit. The Port of Southampton aims to focus on the potential for increasing trade with the rest of non-EU countries. 90% of exports are already destined for such countries, and the port already possesses much of the customs and other infrastructure that may be required post-Brexit.<sup>86</sup> A £50 million investment in expanding vehicle handling facilities to 15,000 new spaces is due to be completed in Mid-2019, as Gareth Lewis, communications manager at Associated British Ports, pointed out.<sup>87</sup> This explains the Brexit support among local businesses as raised by Neil McCullough.<sup>88</sup> Southampton is not heavily reliant upon financial services with high exposure to EU markets like London or single economic hubs like Oxbridge.<sup>89</sup> Instead, it is reliant on specialised economies which are not heavily dependent on EU funding. Less than 2% of goods passing through Southampton are subject to custom checks by officials according to Associated British Ports.<sup>90</sup> This frictionless international commerce is a model that business leaders expect to replicate in other ports which are closely trading with EU countries after Brexit i.e. the Ports of Dover and Felixstowe.<sup>91</sup>

Moreover, Southampton has excellent international connections. 81% of small businesses in the area trade

overseas according to a 2015 FedEx report which makes Southampton an 'export epicentre'.<sup>92</sup> This justifies the 'business as usual' attitude in Southampton among local businesses, as stressed by Neil McCullough<sup>93</sup>. The Brexit challenge is now to have a negotiation deal able to protect and nurture this economic dynamism into the future. Even a softer model of Brexit could impose export and import duties that would increase costs and weaken in some way the free movement of goods.<sup>94</sup>

Alan Fraser highlights that it is necessary to promote the positive role of trade unions in combating discrimination and promoting equality and diversity in relation to immigrant and minority workers: for instance, by raising workplace awareness of the value of inclusion and diversity and helping to foster a receptive culture.<sup>95</sup>



of goods passing  
through Southampton  
are subject to custom  
checks by officials  
Associated British Ports

85 Solent LEP report. 2017.

86 Ross. 2018.

87 Southampton Port set for record export year, Institute of Export and International, July 2017, Available at: <https://www.export.org.uk/news/354558/Southampton-Port-set-for-record-export-year.htm>.

88 Written Statement via Email by Neil McCullough, 28 May 2018.

89 Ibid.

90 MacLellan K. 2017. UK Customs models unlikely to achieve frictionless post-Brexit trade. *Reuters*. Available at: <https://uk.reuters.com/article/us-britain-eu-ports/uk-customs-model-unlikely-to-achieve-frictionless-post-brexit-trade-idUKKCN1BP20J>.

91 Ibid.

92 FedEx Report. 2015. Available at: <https://technation.techcityuk.com/cluster/southampton/>.

93 Written Statement via Email by Neil McCullough, 28 May 2018.

94 FedEx Report. 2015.

95 Interview with Alan Fraser, 6 June 2018.

In this process, he adds that it is necessary to acknowledge the specific vulnerabilities emerging from the interlocking contractual and migrant status and improve the existing educational tools to promote the self-determination of their migrant constituencies. Will Jennings addressed the need to revitalise the city centre while providing the basic needs of the population.<sup>96</sup> More sectoral and cluster development in creative arts and culture, like in Winchester, could be considered.<sup>97</sup> Recent uplifting developments include the Cultural Quarter, which has linked various arts venues around the renovated Guildhall Square, with theatres, art galleries, concert venues and cafes brought together in a cohesive cluster. Future development is now focused on the Royal Pier, which opened at the end of the 19th century, yet has languished empty and unloved for over three decades after war damage and a series of fires.<sup>98</sup> Developers are keen to transform it into an area containing bars, shops, a casino, a hotel and hundreds of homes. But progress has not been smooth – port operators remain concerned about traffic volume, and residents have reacted violently to plans for a multi-storey car park, calling it an ‘ugly monster’. The projected £450m scheme, linking the city centre to the waterfront, is due to be completed by 2023. But there are still doubts over its viability.<sup>99</sup>

There is also an opportunity for the city to boost support and entrepreneurship by looking at sector-specific agencies such as Tech City UK.<sup>100</sup> The £1.5m business start-up centre at Marlands, a Southampton shopping centre, which is set to open at the start of 2019, might pave the way for more entrepreneurial projects. Web-based start-ups recently received funding with the launch of the pilot phase of ‘Z21 Innovation Fund’, sponsored by the University of Southampton and the Solent Local Enterprise Partnership.<sup>101</sup> Following Brexit, employment growth is expected to be relatively flat, with only 8,000 jobs in the South East region. A rise of such projects would accelerate job growth in high-value sectors and eventually close the productivity gap.<sup>102</sup> All councillors and Alan Whitehead MP stress that these projects should of course go hand-in-hand with securing school placements for kids and viable housing prices.<sup>103</sup>

96 Interview with Will Jennings, 17 May 2018.

97 Ibid.

98 Richardson A. 2017. Southampton in the spotlight : Boom times ahead for Titanic's home town? *The Guardian*. Available at: <https://www.theguardian.com/cities/2017/dec/19/southampton-spotlight-titanic-maritime-powerhouse-royal-pier>.

99 Ibid.

100 TechCity, Southampton Website. Available at <https://technation.techcityuk.com/cluster/southampton/>

101 Solent LEP Report. 2017.

102 Ibid.

103 Interviews with all Councillors and Alan Whitehead MP.



Image 7: Southampton Castle

# 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

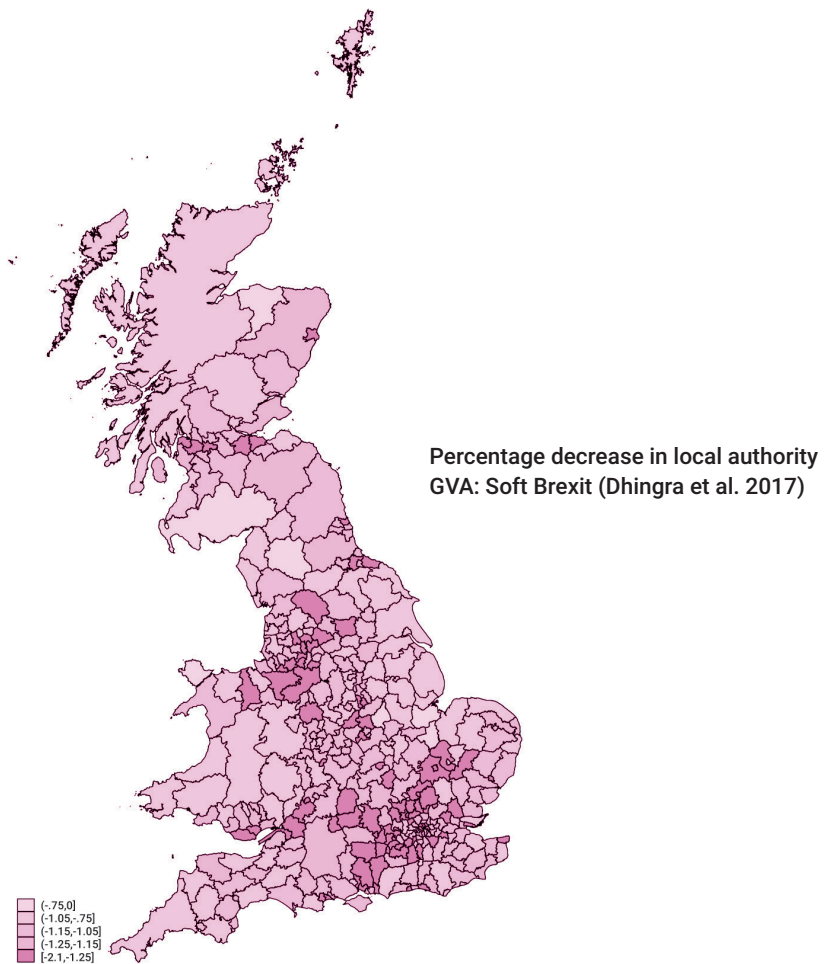
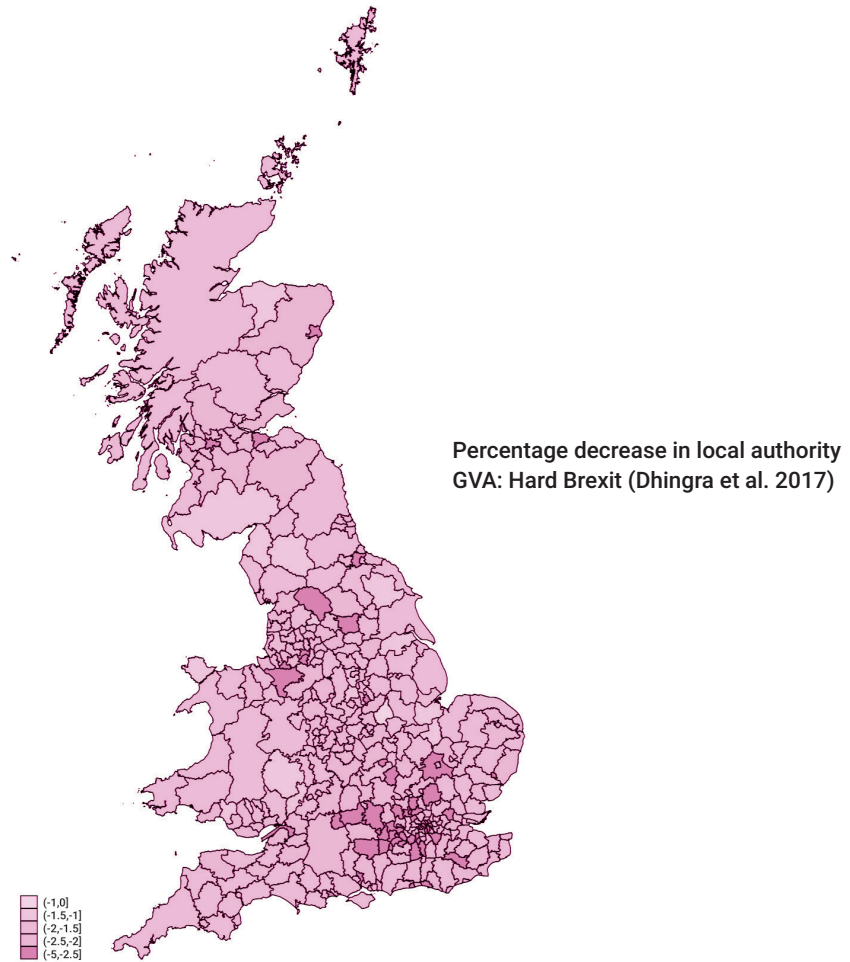
ONS regional price data is available at: <https://www.ons.gov.uk/economy/inflationandpriceindices/articles/relativeregionalconsumerpricelevelsuk/2016>

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>

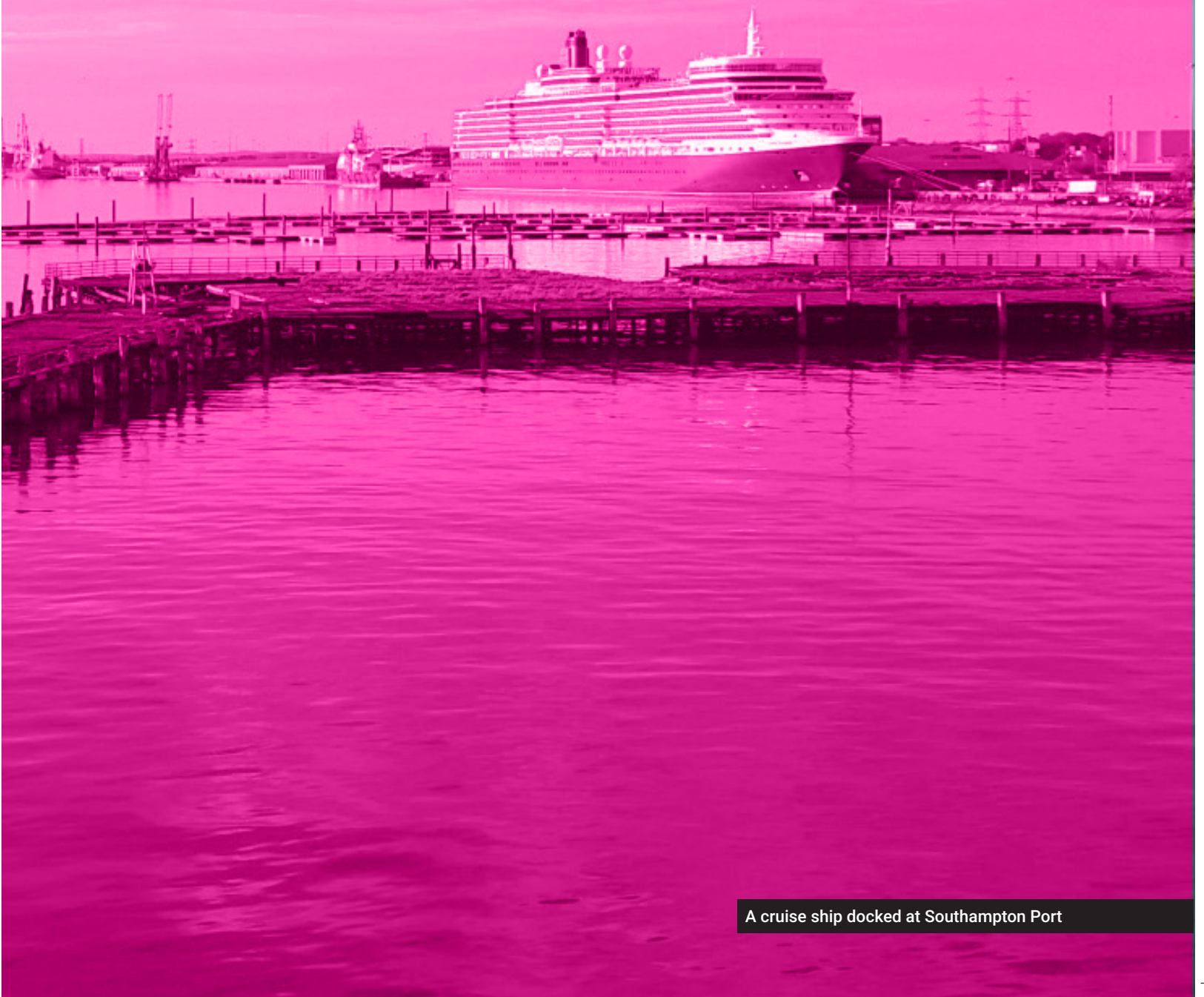
General election voting data is available at the parliamentary constituency level whereas this project focuses on local authorities. We impute local authority level data by fitting constituencies into local authorities. For Ceredigion, Mansfield and Pendle, the parliamentary constituency is equivalent 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.

Appendix 2: Post Brexit percentage decrease in local authority



## Acknowledgements

We would like to thank those who agreed to be interviewed for this research: Will Jennings (Professor of Political Science, University of Southampton), Alan Whitehead MP (Member of Parliament for Southampton Test, Labour Party), Councillor Ivan White (Conservative Party, Bitterne Park Ward) Councillor 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) and Alan Fraser (GMB Southern Regional Education Officer). We would also like to thank Councillor Matthew Claisse (Conservative Party, Portswood Ward) and Neil McCullough (Associate Director, Oxford Economics) for sharing their local insights.



A cruise ship docked at Southampton Port



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