Olivier Sykes on Brexit, the Prime Minister's approach to 'the North', and the implications for how we address disparities in regional prosperity

from 'brassed off' to 'brexitland'? some notes on the PM's northern exposure

'Please leave my town,' the man said softly but determinedly while shaking Boris Johnson's hand. This probably wasn't the reception that his minders were hoping for when they organised a walkabout for the new Prime Minister in Morley near Leeds at the start of September 2019.[1] After all, as four Labour MPs noted in a letter published in the *Northern Echo* newspaper earlier in the year:

> *'Journalist after journalist writes it. Broadcaster after broadcaster says it out loud. The London-based metropolitan media has declared it so. The North is Brexitland.'*[2]

Yet in an era when facts, it seems, have rarely been allowed to spoil a good story, some which have rarely been acknowledged are that:

> *'Contrary to popular belief, 52% of people who voted Leave in the EU referendum lived in the southern half of England, and 59% were in the middle classes, while the proportion of Leave voters in the lowest two social classes was just 24%'*.[3]

While some people from what has rather patronisingly come to be known as 'Left Behind Britain' certainly backed leaving the EU, they were not the primary driver of the leave vote; rather, the most significant bloc was made up of those that NatCentre Social Research has termed 'Affluent Eurosceptics'.[4]

In an even greater challenge to received wisdom:

> *'Excluding London, northerners were more likely to be Remainers than southerners* [...] *The number of leave voters in London – 1.5 million – is more than five times higher than the entire population of Sunderland, 277,247, and yet it's Mackems, not cockneys, who are approached by news presenters on the street. They are the ones depicted as authentic, 'average' Britons, while at the same time being dismissed as economically short-sighted, backwards and regressive.'*[5]

Apparently buying into the narrative sketched out above, and in the hope of turning it to electoral advantage, Prime Minister Johnson has duly headed north of Watford on a number of occasions, keen to be seen pledging to do something for the 'left behind' regions of England.

It is all uncannily similar to the attempts by Theresa May during autumn 2016 to show concern for such areas. This was followed up in the 2017 Conservative General Election Manifesto with promises of a so-called 'UK Shared Prosperity Fund'. Yet despite some consultation on the latter there has so far been little indication of how much support this may deliver in lieu of current EU Structural and Investment Funds (ESIFs). The 'UKSPF' is thus still in its gestational stages, with a paucity of information in the public domain about the timing of its launch and its quantum. Indeed, trying to get details from those in the know has created such awkwardness at times that it has seemed unfair to keep asking!

This fund will certainly face rigorous scrutiny in terms of how it measures up to the potentially foregone multi-annual support from EU Structural and Investment Funds. There is an excellent review of some of the complex issues – notably in terms of balancing views and interests across the present UK territories – that the design of such a fund raises in a recent House of Commons Briefing Paper on the UKSPF.[6]

To be going on with, there has been the launch of the 'Stronger Towns Fund', first announced in March 2019 and since rebranded as simply the 'Towns Fund'. This had its origins as Prime Minister Theresa May was desperately seeking to garner support for her EU Withdrawal Agreement from certain northern Labour MPs, and a new fund of £1.6 billion suddenly appeared to 'boost growth and give communities a greater say in their future after Brexit'.[7]

This failed to convince local representatives and policy-makers in many areas, who quickly observed that this sum was a drop in the ocean compared with the socially regressive cuts of the austerity decade which have hit many less advantaged places and people hardest[8] – to say nothing of the predicted impacts of any form of 'Brexit' on such areas, and the foregone future EU funding opportunities. One senior ex-civil servant even remarked at the time that it was something of a 'pea-shooter initiative'.

So what might another newly selected British Prime Minister propose? In an early visit north to Manchester in July 2019 the Prime Minister made a speech in which he revisited some of the same rhetoric and promises as Theresa May in the early days of her premiership.[9] In response to his pledges of substantial investment in east-west northern rail links, Greater Manchester Mayor Andy Burnham noted that this 'certainly sounded good', but added that he had heard 'something very similar in almost the same spot from [then Chancellor] George Osborne five years ago and, in those five years, rail services here have gone in reverse'.[10]

The Stronger Towns Fund, however, was given a new name and more resources. The new Towns Fund[11] is to have £3.6 billion to support an initial 100 towns 'So that they will get the improved transport and improved broadband connectivity that they need'.

The Convention of the North in September made headlines as Johnson was heckled from the floor by yet another bluff northerner on the same day as a lady in Doncaster confronted him, saying the idea that 'we're going to leave the EU and everything's going to be great' was 'just a fairytale'.[12] Inside the conference hall Johnson offered greater powers to elected mayors over railways, which were cautiously welcomed with Andy Burnham, saying 'It is what we have been calling for, but we have got to make sure it comes with the funding that we will need and all of the powers we need.'[12]

A pledge to create a 'Northern Powerhouse Growth Body' was less widely covered, and 'reaction was cautious because the Prime Minister, whilst pledging his commitment to devolution, had not consulted northern leaders before the announcement', and many details apparently still needed to be worked out.[13]

Commenting on the proposals, the Interim Director of IPPR North noted that the 'fact that the Prime Minister has today indicated his support for the principle of devolution to the North is to be welcomed, but what we must see now is a shift from rhetoric to action'.[14] And such commitments and promises have to be contextualised to be evaluated. There are two key contextual factors to be borne in mind.

The first context relates to how the UK might leave the EU – a matter which could be settled by the time this piece is published if the new agreement is passed by the UK and EU parliaments. This has a clear regional dimension. While the government's own studies predict that future growth under any 'Brexit' scenario will be lower than if the UK remains in the EU, its 'own economic assessment shows that a 'no deal' exit from the EU would be the most economically damaging outcome for the UK, with the effect most pronounced in the North East and the West Midlands'.[15]

'Academic studies indicate that it is the 'Midlands and the North of England which are by far the most vulnerable' and that they are more exposed to 'Brexit' than any other region in Europe'

Academic studies similarly indicate that it is the 'Midlands and the North of England which are by far the most vulnerable' and that they are 'more exposed to Brexit than any other region in Europe', being 'much more dependent on EU markets for their trade than London, the South-East or Scotland'.[16] Such predicted impacts are far higher under a crash-out scenario – for example, government assessments suggest that economic growth over 15 years could be reduced by 16% in North East England, 13% in the West Midlands, and 12% in the North West and Northern Ireland.[17]

Work already undertaken on Boris Johnson's proposals from suggest that they 'would leave the UK economy worse off than Theresa May's deal', as 'Great Britain will have no customs union with the EU, no level playing field arrangements and a limited (or quite possibly no) free trade agreement'. It predicts that the new proposals 'could reduce UK GDP per capita ten years after Brexit by between 2.3% and 7%, compared to remaining in the EU' in comparison to PM May's agreement for which the GDP per capita loss was between –1.9% and –5.5% and a no-agreement exit with predicted losses of 'between –3.5% and –8.7%'.[18]

The second context is the picture regarding the funding for future place-based policy in UK regions.

The Conference of Peripheral and Maritime Regions (CPMR)[19] suggests that if the UK remains in the EU it could be in line to receive around 13 billion euros of regional development funding between 2021 and 2027. This would be equivalent to a 22% increase compared with the current 2014-2020 funding period – a result of the sobering fact that, once again, many areas of the UK are falling behind the EU average in terms of regional prosperity.

Furthermore, internal regional disparities between regions within the UK have also increased in recent years. This means that areas such as Cornwall and the Isles of Scilly, West Wales and the Valleys, South Yorkshire, Tees Valley and Durham, and Lincolnshire could receive EU regional funding of over 500 euros per person per year after 2021. Reflecting one of the often cited advantages of EU regional funding, this would be committed over a multi-annual period from 2021 to 2027 and less tied to fickle domestic political calculations. Interestingly, in the immediate context, it has been pointed out by some critical observers that that 94 of the 100 places destined to benefit from the Towns Fund voted to leave.[20]

Another contextual factor that is perhaps less immediately obvious relates to the previous commitments to maintain a 'level playing field' in any future EU-UK trade deal having been moved from the binding Withdrawal Agreement to the accompanying non-binding Political Declaration. In light of this, there is scope (theoretically at least) for greater divergence in approaches to state aid rules, competition policy, social and employment standards, and environment, climate change, and taxation matters.

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As usual, decisions about such 'aspatial' policies are likely to have differential impacts on different places, potentially benefiting some but costing others as they seek to deliver a local policy agenda. And any evolutions in these areas, and in place-relevant policies across the piece, will take place in a context in which some modelling suggests that Boris Johnson's agreement under a 'best case scenario would result in a £16 bn hit to public finances per year based on current GDP and in the worst case scenario it would result in a £49 bn hit to public finances per year based on current GDP'.[18] Given that 'the Office for Budget Responsibility estimates that if the UK were to remain a member of the EU then its payments in 2023-24 would be £13.4 billion in 2018-19 prices',[21] allowing for this the cost of 'taking back control' of 'our money' could well be a hit to the public finances of between £2.6 billion and £35.6 billion.

Whether this is a particularly propitious setting in which to make the case for strategically as opposed to politically informed place-based policy, with adequate funding committed over a meaningful planning time frame, is perhaps a moot point. Not least as the new enthusiasm for the North manifested in the visits and pledges above are those of a Prime Minister with an electoral base and 'Brexit' agenda whose support is principally rooted in an older, wealthier electorate in more prosperous southern regions. Attention to his potential 'northern exposure' in regions where his party and, for some, his persona, are less appealing currently makes sound electoral sense.

If, however, he 'gets 'Brexit' done' in the least messy manner possible, vindicating the belief of his supporters in this new British 'strongman', the electoral calculus which makes the present attention to the issues of the North a key plank of his political strategy may well shift. It is already unclear as yet, despite a welter of announcements and positive noises, whether the measures to address balanced growth and address UK regional disparities which are still the widest in the EU as measured by GDP per capita will really compensate for the support which could be received from the EU after 2021. The pursuit of any 'Brexit' (and especially a 'no deal' scenario) would likely exacerbate regional disparities and for some prove to be unconscionably socially and spatially regressive.

The film *Brassed Off*, made in 1996, depicted the demise of a colliery in a town of the Yorkshire coalfield and the associated economic, social and cultural trauma wrought as a result at the end of a previous willed period of radical 'economic restructuring'. The long-term effects of this on former mining communities are emphasised in a report from Sheffield Hallam University, which concludes that:

> *'the miners' strike of 1984/5 may now be receding into history but the job losses that followed in its wake are still part of the everyday economic reality of most mining communities … The consequences are still all too visible in statistics on jobs, unemployment, benefits and health.'*[22]

In *Brassed Off* the colliery band plays on, with the film culminating in Danny (played by the late Pete Postlethwaite) the band leader's heartrending and searing speech on the consequences for people and place of the state's strategy in the 1980s.[23] Some 'Brexit'-advocating economists who supported such policies at the time are now openly admitting and welcoming that it will likely lead to the demise of key established sectors, particularly hitting certain regions.[24] So, away from the conference halls and 'powerhouse' and growth 'engine' rhetoric, the real question in many such places is: will the band play on this time?

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Notes

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