Brexit: Local and Devolved Government

The UK in a Changing Europe

Foreword

As the Brexit process rolls on, debate about the proper locus of political power within the UK is becoming as fraught as that over a new UK-EU relationship. Whether because of the threat that Brexit is seen to pose to the devolution settlements, or because of a belief that Brexit was partly the result of Westminster failing poorer regions of the UK, or a sense that Brexit will render Westminster incapable of governing effectively, battle has been joined over how Britain itself should be governed.

In what follows, we bring together a team of experts on devolved and local government to consider not only what happened in the referendum itself, but also the debate about how Brexit should affect these sub-state layers of governance. I am delighted that we have been able to bring together some of the best minds working on these questions to make this contribution to the debate.

As ever, I am immensely grateful to all those who contributed to this report. They have tolerated my questions and comments with efficient good humour. I hope you find what follows interesting and informative.

Professor Anand Menon
The UK in a Changing Europe

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Introduction

Anand Menon

The Leave campaign focussed relentlessly on the issue of 'control' during the EU referendum. Relatively little attention was paid, however, to what this meant in practice. Specifically, would a vote to Leave affect each part of the UK differently? And, if EU competences were to be returned, where would they ultimately land?

There was of course some discussion during the referendum campaign about the potential implications for the unity of the UK. In the weeks prior to the vote, for instance, Tony Blair and John Major, campaigning together in Northern Ireland, warned that a vote to Leave might have a destabilising effect not only in Stormont, but also in Scotland.

Subsequent to the referendum, however, the Brexit process has a sparked furious debate about the distribution of power within the UK. Of course, the very real possibility of a border on the island of Ireland has been a prominent factor in debates over the Article 50 or 'phase one' deal agreed by the UK and the EU. Equally, however, following the publication of the Withdrawal Bill, the Scottish First Minister Nicola Sturgeon accused the UK government of attempting a 'naked power grab', a sentiment mirrored by the Labour political leadership in Wales.

When the government announced its 'Roadmap to Brexit' speeches, David Lidington's contribution on devolution – which set out how the UK government planned to alleviate these criticisms, while retaining the UK single market – was given the same status as those of the key Brexit ministries. The swift rejection of Lidington's proposals by the Welsh and Scottish government's was testament to the difficulty of squaring the objectives of Westminster with those of Edinburgh, Cardiff and Stormont.

There have been some attempts to rethink UK governance. Gordon Brown proposed an elected senate, with devolved powers currently exercised by Brussels returning directly to Scotland. The following year, he called for a truly federal UK, and a 'Council of the North' to provide a voice for the north west and north east.

Meanwhile, new political voices have been created and have joined the debate. The newly elected Mayor of Greater Manchester, Andy Burnham, claimed that Brexit should lead to greater devolution to cities and regions across the UK. Not only, he argued, were inequality, and the inability of London to provide adequately for the rest of the country, key drivers of the Brexit vote. But, with the Westminster system 'grinding to a halt' under the weight of Brexit, it was less able than ever to govern effectively. Tony Travers has made a similar point in less confrontational terms, arguing that, with central government preoccupied with negotiating Brexit and trade deals around the world, devolution might offer an opportunity for the government to lighten its load and focus on the primary task at hand.

And so, from the implications of Brexit for decision making within the UK, to the intertwined question of how Brexit might affect different parts of the UK, a debate about how the UK should best organise itself internally is taking place alongside negotiations over the most appropriate relationship between the UK and the EU. In this report, some of the leading scholars of local and devolved government dig beneath the surface to understand this debate and consider the future of what Tony Travers neatly describes as 'this unitary state with some devolved parts.'

Within England, the decision to leave had a fundamental impact on the political landscape. The subsequent policy impact of Brexit threatens to do the same. Recent research by Will Jennings, Gerry

Stoker and Ian Warren points to the importance of place as a driver of politics. The shifting and diverging demographic composition of cities and towns, reinforced by internal and external migratory trends, are creating an increasingly bifurcated politics, as illustrated by the way that areas that have experienced relative decline in recent decades voted Leave.

Andrew Carter notes that, even were it not for Brexit, the economy would still face significant problems. This is because 50 out of 62 British cities lagged behind the national productivity average, even in 2015. Brexit, however, will compound these problems. Cities are highly dependent on trade with the EU. Although he argues that the more vibrant cities will initially be the worst hit, he points out that they are also perhaps best placed to respond. Chloe Billing, Philip McCann and Raquel Ortega-Argilés reinforce this point, arguing those regions that voted Leave are more dependent on EU markets for prosperity. Both these contributions argue that the response should be an industrial strategy that empowers cities. Yet, the government's instinctive reaction has been to centralize.

This is true in spades when it comes to the devolved regions. Michael Keating underlines the constitutional issues that Brexit has thrown up. And Roger Awan-Scully underlines the point. Initially, the Welsh Government saw Brexit as a way of strengthening devolved powers. However, it has increasingly come to focus on fighting a rear-guard action against what it, too, sees as London's attempt to grab powers back for itself. Solving the tension between the desire to maintain their authority, and that of Westminster to protect the integrity of the UK and its internal market, will require both ingenuity and trust between central government and all the devolved administrations. Both are currently noticeable by their absence.

Katy Hayward underlines the specific issues that Brexit raises over the Irish Sea. The question of the Irish border, which has received close scrutiny during the Brexit process, has become entwined with the political future of the province. The issue feeds into the sectarian divide, further disrupting a settlement under pressure.

Yet, while the political debate rages, the public – as ever – has a mind of its own. One of the most remarkable post-Brexit trends is the lack of a spike in support for Scottish Independence. As John Curtice points out, the presumption that support for remaining in the EU would be synonymous with support for independence, and vice versa, has proven to be false. The 13-point fall the SNP suffered in the 2017 general election was concentrated among those who had voted Leave. Brexit, as Curtice notes, has exposed 'a fissure in the nationalist movement that Nicola Sturgeon has struggled to straddle'.

Meanwhile, Dan Wincott explores the elephant in the room. Englishness played a key role in the referendum and its outcome. And England, of course, dominates the UK politically. Yet there has been remarkably little thought given to how, if at all, to address what for some is the major problem in the political organisation of the UK.

Noah Carl and Anthony Heath, for their part, find that the majority of both Leave and Remain voters believe that, when it comes to protecting the environment, agriculture and fisheries, immigration and taxation, decisions should be made in the UK, rather than by the EU. However, this does not translate into support for ambitious moves towards devolution. Dividing the country into 5 areas – London, England outside London, Wales, Scotland and Northern Ireland – they find little appetite for decision-making at the region or city level. Even in London, only 7.5% of Londoners support decision making at city level.

Leaving the European Union places these socio-economic and constitutional issues in sharp focus. We need to be realistic about the fact that these are long-term problems, with long-term solutions. This report highlights the problems we should start to grasp and the conversations, as a country, we should now be having.

The revenge of 'the places that don't matter'?

Will Jennings, Gerry Stoker and Ian Warren

Brexit revealed a stark difference not only between people, but also places. The major cities of the UK voted heavily for Remain, while less urbanised areas tended to vote for Leave. This divided politics reflects not only a difference of identities and cultural outlook (described by some as a 'cultural backlash'), but also long-term forces of social and economic change that have put places on different tracks – leaving people in different areas living worlds apart in terms of their attitudes, experiences, and expectations for Britain post-Brexit. This is having political consequences – dubbed the "revenge of the places that don't matter" by Andrés Rodríguez-Pose – and presents substantial challenges for policy-makers at national and local levels as they seek to address the conditions that gave rise to the referendum vote as well as those that may be created by Brexit itself.

Demographic trends

Changes in the demographic composition of our towns and cities are contributing to the geographical polarisation of British politics. Brexit has put this divide firmly in the spotlight, but was hardly the cause of it. Analysis produced by the Centre For Towns, depicted in Figure 1, shows how the populations of towns and cities have moved apart dramatically since the mid-1990s. Old-age dependency – the number of over 65s per 100 people of working age – has decreased in cities but increased markedly in towns and villages. Britain's towns and villages are getting older while its cities are getting younger.

These trends are being complemented by internal and external migratory trends, the gravitational pull of the forces of agglomeration on jobs and economic activity and a population that is living longer thanks to advances in healthcare. The expansion of higher education since the 1990s has led to growing numbers of younger people leaving home and, after university, seeking jobs and settling in or near cities and large towns where skilled jobs are increasingly located. Non-graduates face a similar dilemma as to whether to move to major towns or cities where jobs and business opportunities are clustered. Over the same period, rising immigration has seen an inflow of people who are younger and more economically active than average, which has been similarly concentrated in cities.

Figure 1: Old age dependency ratio, 1981-2011
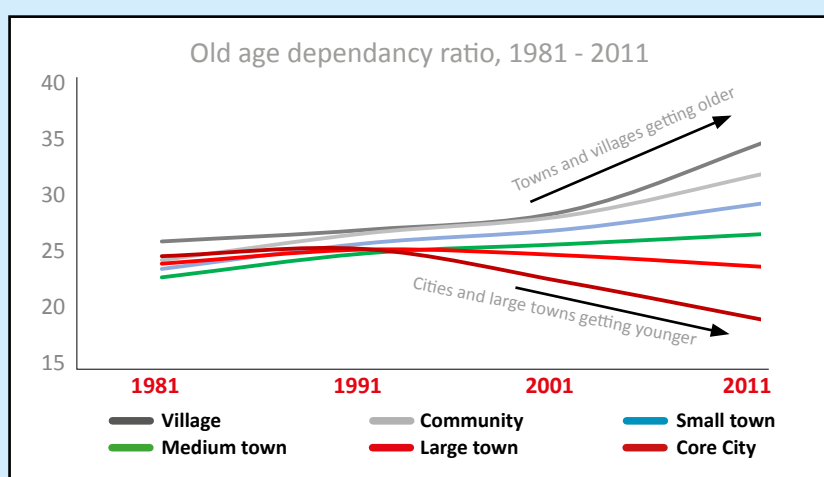
Brexit and the politics of decline

Combined with what we know about social attitudes, these dynamics create an increasingly bifurcated politics. The younger, more educated, and more ethnically diverse populations of cities tend to be more socially liberal, pluralistic in their identity and relaxed about social change, particularly immigration. In contrast the populations of towns and rural settings are more prone to nostalgia and uneasy about immigration, and tend to be socially conservative in their views. It is hardly surprising, then, that the heartlands of Brexit were smaller towns and more rural areas, the same areas where the Conservative Party has tended to make electoral gains in over the past decade. Labour, for its part, has made significant advances in cities.

To paint Brexit as simply the product of concern about immigration or a nostalgic reflex hugely simplifies how people have experienced social and economic change over several decades – and the forces that gave rise to distrust of the 'political class'. In the US, work by Kathy Cramer has found that place-based identities play a crucial role in shaping political division, specifically in the case of resentment among rural communities of the 'liberal elite'. A recent study of the Brexit vote by Neil Lee, Katy Morris and Thomas Kemeny showed that local rootedness (measured as people living in the county where they were born) was a factor in areas that have experienced either relative economic stagnation or higher rates of immigration.

It is possible to analyse patterns of voting in the EU referendum by the relative rate of decline that places have experienced in terms of human and economic capital. To do this, we use a measure adapted from Andy Pike *et al.* (2016) and the *Joseph Rowntree Foundation*. It uses indicators designed to capture the rate of population growth (or decline), economic activity (or inactivity), and the inflow of younger, more educated workers – critical factors for success in the global economy. It also includes declining employment in manufacturing, to capture the hollowing out of traditional industries.

We rank areas – using the counting areas for the EU referendum – based on these indices over the thirty-year period from 1981 to 2011. The geographical distribution of this measure across Great Britain is plotted in Figure 2, and tells a stark story of citification – with large cities seeing less decline than large coastal and rural areas and post-industrial hinterlands. Most of the fast-growing areas are found in cities (such as London, Glasgow, Liverpool or around the South East or East near London), while many of the declining areas are coastal or former mining and manufacturing areas.

This measure of relative decline also corresponds to patterns of voting in the 2016 EU referendum. Figure 3 plots the Remain and Leave vote share for each area against its ranking of relative decline. This reveals a striking pattern. Areas that have experienced the greatest decline in

Figure 2: Ranking of relative decline, 1981-2011

Relative decline, 1981-2011
(1 = most decline)

- 1 - 52
- 52 - 106
- 106 - 160
- 160 - 215
- 215 - 270
- 270 - 325
- 325 - 380
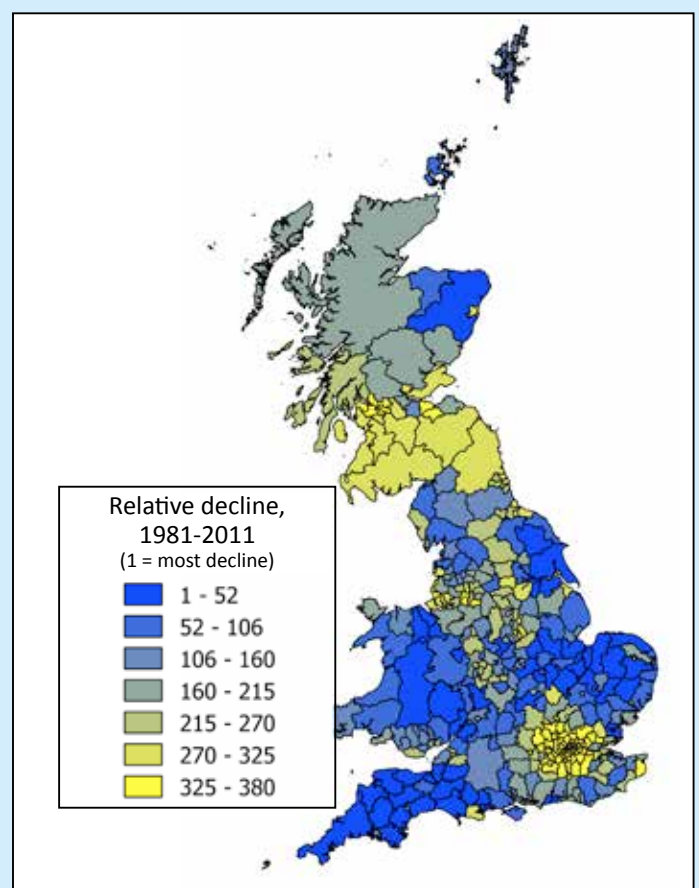
recent decades tended to vote Leave. In contrast, areas which have experienced relative growth over the last three decades tended to vote Remain. On average, the Leave vote was 20 points higher in those places that have experienced the greatest declines in terms of human and economic capital.

Figure 3: Ranking of relative decline and Remain/Leave vote
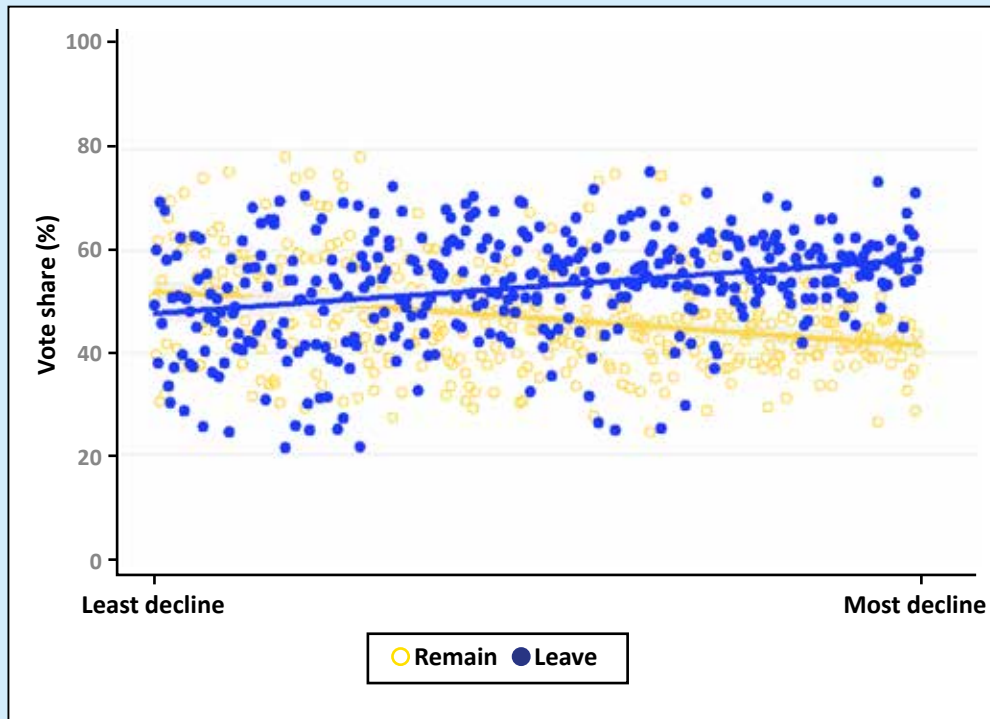
Decline, division and the prospects for public policy

These long-term forces of social and economic change present major challenges for policy makers. This is exacerbated by some of the confident promises that were made during the referendum campaign. Whatever people voted for, these economic and demographic trends point to choppy waters ahead. Due to ageing populations, towns and villages will face increasing pressure on the NHS and social care. Many of these areas have already witnessed deterioration in their public services – closures of local A&E departments and public libraries, and cuts to bus services.

The geographical impact of Brexit itself remains subject to some debate. According to some studies, such as the work of Andrew Carter, those areas most integrated in the global knowledge and service economy (the cities that voted heavily for Remain) will be worst hit. Alternatively – as Chloe Billing, Philip McCann and Raquel Ortega-Argilés allude to in their contribution to this report – areas with a manufacturing base (the large towns that tended to vote to Leave) will suffer most from exiting the EU's free trade area. There is a possibility, at least, that Brexit will exacerbate the relative decline experienced in places that voted most heavily for it. They say revenge is a dish best served cold. Those Leave areas that registered a protest against the status quo could find Brexit means things get even chillier.

The case for city devolution post-Brexit

Andrew Carter

Imagine, for a second, that on 23 June 2016 Britain had voted to remain in the European Union. David Cameron would probably still be Prime Minister, with George Osborne his most likely successor. Rather than gruelling Brexit negotiations consuming the Government's bandwidth, British politics would most likely be dominated by debates about living standards, the NHS and austerity.

Even if the Brexit debate had been consigned to the history books, Britain's economy would still be facing significant challenges. The extent of those challenges was laid bare in November last year, when the Office for Budget Responsibility (OBR) significantly downgraded its previous growth forecasts for the UK's economy. The OBR's calculations had been overly-optimistic about national productivity levels, which had remained sluggish since the 2008 global financial crisis.

Britain's cities should lead national productivity. After all, concentrating jobs and businesses in specific places leads to them being more productive – a process known as agglomeration. Instead, cities are where this productivity crisis is mainly playing out. A recent Centre for Cities briefing showed 50 out of 62 British cities lagging below the national productivity average in 2015, including big cities such as Manchester, Liverpool and Birmingham. Of the 12 that were above the national average, eight were in the Greater South East – showing the clear economic disparities which exist across the country (and helped to fuel the vote for Brexit).

The coming decades will pose new economic questions for cities, as they seek to adapt to the disruption that automation and globalisation are likely to bring. The new Cities Outlook 2018 report shows these changes will bring significant opportunities, but could also entrench existing economic disparities. Cities in the north and the midlands are more exposed to potential job losses, while cities in the south are better placed to secure more high-paying, high-skilled jobs in the coming decades.

These issues would pose significant challenges regardless of Britain's decision to leave the EU. However, it is also clear that Brexit will compound the challenges that cities face. Take trade, for example. British cities are critically dependent on trade with the EU, which is the biggest export market for 61 out of Britain's 62 main urban areas. Two thirds of British cities (41 out of 62) trade half or more of their exports to the EU, with even Derby – the city least reliant on EU markets – still selling a quarter of its exports to EU countries.

It follows, then, that any disruption to this trade will have a negative impact on the economies of UK cities. Some insight into how this might play out can be found in research produced by Centre for Cities with the Centre for Economic Performance at the LSE, which charts the likely impact of both a 'hard' or 'soft' Brexit on UK cities in the decade after new trade arrangements with the EU are put in place. Under either scenario, the news isn't good.

All British cities are set to see a fall in economic output as a result of leaving the EU, because of the predicted increase in trade costs that both a 'hard' and 'soft' Brexit will bring. The economic impact will be almost twice as big in the event of a 'hard' Brexit, which the research predicts will bring an average 2.3% reduction in economic output across all UK cities – compared to a 1.2% decrease if we have a soft Brexit.

In both scenarios, it is economically vibrant cities – predominantly in the south of England – which will be hardest and most directly hit by Brexit. This reflects the fact that these cities specialise in large, knowledge-intensive sectors such as financial services, which research from the Centre for Economic Performance shows will be most affected by the increase in tariff and non-tariff barriers that Brexit could bring.

However, the most-affected cities are also best-placed to respond to the predicted shocks ahead. Places such as London, Reading and Aberdeen are home to large highly-skilled labour, significant numbers of innovative firms and strong business networks – all of which are crucial in enabling a city to reinvent or adapt its industrial structure to changing economic circumstances.

In contrast, the cities least directly affected by either form of Brexit are mostly less prosperous places in the north, midlands and Wales – often dubbed the UK's 'left behind' regions – credited with driving the vote to leave the EU. These cities are largely characterised by low numbers of high-skilled firms and workers, and smaller knowledge-intensive private sectors. So, whilst they are less vulnerable to the predicted post-Brexit downturn, they are also less well-equipped to respond to the economic challenges ahead.

	Hard' Brexit - Top 10 cities most affected	Predicted reduction in economic output (gross value added) (%)		Soft' Brexit - Top 10 cities most affected	Predicted reduction in economic output (gross value added) (%)
1	Aberdeen	-3.7	1	Aberdeen	-2.1
2	Worthing	-2.8	2	Worthing	-1.5
3	Reading	-2.8	3	Swindon	-1.5
4	Swindon	-2.8	4	Slough	-1.4
5	Slough	-2.8	5	Reading	-1.4
6	Edinburgh	-2.7	6	Edinburgh	-1.4
7	London	-2.6	7	Gloucester	-1.4
8	Aldershot	-2.6	8	Northampton	-1.3
9	Leeds	-2.6	9	Aldershot	-1.3
10	Ipswich	-2.6	10	Middlesbrough	-1.3

Figure 1: The impact of a 'hard' and soft' Brexit on economic output in the UK's Cities

As such, the response to Brexit is likely to be similar to the response we saw in the aftermath of the 2008 recession – when London and the south east were initially most exposed, but also recovered more quickly and strongly than other parts of the country.

Research by the Centre for Economic Performance research shows that, to minimise the economic downsides of Brexit, the Government needs to ensure post-Brexit trading arrangements are as close

as possible to the UK's current relationship with Europe. In short, this means pushing for the softest Brexit possible.

Secondly, the Government must get to grips with the diverse economic challenges facing different parts of the country as we leave the EU. As Chloe Billing, Philip McCann and Raquel Ortega-Argilés set out in this report, we should have an industrial strategy which empowers cities and regions to make these strategic decisions.

This will that be crucial to enable cities to adapt to Brexit. But it is also necessary to enable cities to address other big 'future of work' challenges arising from globalisation and automation, which will become increasingly significant in the decade ahead. This means giving metro-mayors and cities across the country the investment, powers and responsibilities they need to make their economies as successful and competitive as possible.

If Brexit leads to the Government further centralising power at the national level, the already difficult issue of tweaking national policies to meet the needs of increasingly diverse cities will only get worse. On the other hand, if Brexit leads to the wholesale devolution of policies, allowing local politicians much more control over the issues that affect the daily lives of the people they represent, then bridging the stark political and economic divides within the country might be possible.

The regional policy implications of Brexit

Chloe Billing, Philip McCann
and Raquel Ortega-Argilés

A powerful Leave narrative at the time of the EU Referendum was the idea that the 'metropolitan elites' of London were the major beneficiaries of EU membership. Yet this argument is empirically false. The UK regions which voted Leave tend to be more dependent on EU markets for their prosperity than those regions which voted Remain. Moreover, if we expand this analysis and consider the EU trade-related exposure of each UK region – including all UK-EU global value-chains connected to third countries – we see the same broad pattern. The regions which voted Leave tend to be more exposed to Brexit trade-related risks than those that voted Remain.

In contrast, the wealthier Remain-voting regions of the UK, in and around the London economy as well as in wealthier areas of Scotland, are less dependent on EU markets for their prosperity. They are also less exposed to wider Brexit trade-related risks in comparison with the economically weaker Leave voting regions. Moreover, many Leave voting regions have also been major beneficiaries of EU Cohesion Policy and these funding streams will be lost post-Brexit.

While all parts of the UK economy are likely to be adversely affected by Brexit, these effects are likely to be much harsher in those economically weaker regions with a more limited ability to adjust. The result will be even greater inter-regional imbalances. The challenge is therefore how to respond to these shocks.

Coordinating government activities in such a complex and uncertain environment as Brexit naturally leads the government to try to centralise as far as possible. This tendency is all the stronger in an already highly centralised state such as the UK, because there are few, if any, countervailing institutions, especially in England. The problem is that these centralising pressures go against the decentralizing, devolution agenda also being encouraged by the government.

City-regions are still too new to have either a clear voice or a well worked out vision of their role in national debates, and many Local Enterprise Partnerships have neither the capacity nor capability to be a national advocate for regional development. This lack of clarity is critical because city-regions ought to be the constituencies articulating a post-EU regional policy (Cohesion policy) vision (in the same way as agricultural lobbies are aiming to articulate a post CAP future). In reality, this is not happening.

A major advantage of EU Cohesion Policy was that it explicitly targeted weaker regions with long-term investment commitments. This targeting was largely independent of the politics of whichever government happened to be in power at any one time, or the lobbying power of particular industrial sectors. The removal of the policy requires serious consideration as to what (if anything) will replace it.

The response by regional governance stakeholders to the economic uncertainty posed by Brexit varies across the national landscape. The majority have, to a certain extent, been proactive. For instance,

the Scottish government is supporting its 'Europe and External Relations Committee' in assessing the emerging issues relating to Brexit. This aligns with activities taking place on a city-scale. The Glasgow Chambers of Commerce, Dundee Brexit Advisory Team, and Inverness Chamber of Commerce have all reported on potential Brexit-related issues for local businesses. The Welsh Government has been less active, although it has published an Economic Action Plan, which draws upon its policy paper on 'Regional Investment in Wales after Brexit'. The activities of the Greater Manchester Combined Authority have been particularly impressive, with its delivery of monthly briefing papers on the economic and policy impact of Brexit. Similarly, the London Mayor's office commissioned an independent economic Brexit analysis. Furthermore, the Economy Committee and EU Exit Working Group have been examining impacts to ensure London's voice is heard in the national debate.

The response by smaller city stakeholders has been less structured, although the City Council leaders of Liverpool, Leeds, Sunderland, Newcastle, Wolverhampton and Coventry, for example, have taken actions to engage with local businesses on Brexit related matters. Birmingham and Bristol City Councils have also reassigned their European & International Affairs teams to manage the challenges of Brexit, whilst Birmingham has also supported the development of a Post Brexit Commission.

However, even at this stage, it is possible to make some observations about how things will develop. On the one hand, the re-domestication of regional policy will almost certainly mean the re-politicisation of it, making long-term commitments all the more difficult. Successive governments will have an incentive to abolish what went before. Indeed, in a highly centralized, top-down and politically polarized governance system such as the UK, the temptation to do this will be very strong. This will make long-term decisions and the establishment of long-term policy commitments – which are essential for regional rebalancing – much more difficult.

On the other hand, the movement towards an industrial policy, in which place-based issues are a key element, ought to increase the importance of regional governance and policy in national economic thinking. This should include new meso-level institutions and the increased devolution of industrial policy decisions to a more local level – all of which were clearly articulated by the government in the industrial strategy Green Paper. However, these ideas have subsequently been significantly watered down in the government White Paper. It appears that the *national* need for greater devolution and local capacity-building is already being subsumed by central government pushing in the opposite direction.

The politics of Brexit in Scotland

John Curtice

At first glance, the outcome of the EU referendum underlined the fragility of Scotland's political links with the rest of the UK. Whereas England and Wales voted, albeit narrowly, in favour of leaving the EU, Scotland voted by 62% to 38% in favour of remaining. Indeed, it was little wonder that the first reaction of the First Minister, Nicola Sturgeon, was that the outcome put the question of Scotland's constitutional status back 'on the table'. After all, from her perspective nothing could more clearly demonstrate the validity of the nationalist argument that Scotland's 'democratic wishes' are always at risk of being overturned for as long as it remains part of the UK.

However, this perspective was based on what has proven to be a false presumption – that support for remaining in the EU would become synonymous with support for independence and vice-versa. In practice this was far from being the case in June 2016 and it is still not the case nearly two years later. It is this that helps explain the political difficulties that have beset the SNP in the wake of the EU referendum.

Although since the early 1990s the SNP's vision of independence has been one of 'independence in Europe', there has always been a minority of the party's supporters who appeared to take the view that there was little point in wresting power back from London only then to hand sovereignty over to Brussels. Those who adopted that view were clearly in evidence in the EU referendum. According to the British Election Study internet panel, around a third of those who voted SNP in 2015 voted to leave the EU. Equally, both that panel and the 2016 Scottish Social Attitudes survey found that 37-38% of those who voted for the SNP in the Scottish Parliament election held just weeks before the EU ballot went on to vote Leave. Instead of helping to unite Scotland around the cause of independence, the outcome of the EU referendum potentially threatened the stability of the support base of the SNP.

This became apparent in the snap general election in June. Of course, the SNP would always have difficulty defending the high-water mark of its performance in the 2015 general election, when the party won almost exactly half of all votes cast north of the border. Nevertheless, there was a distinct pattern to the 13-point fall that the party suffered: it was concentrated amongst those who voted Leave. According to the British Election Study internet panel, while support for the SNP fell by five points as compared with 2015 amongst those who voted Remain in the EU referendum, it fell much more - by no less than 20 points - amongst those who backed Leave. Only 56% of those who voted SNP in 2015 and Leave in 2016 backed the party in 2017. As many as one in five of them even switched to the ardently pro-Union Conservatives, who despite the pro-Remain stance of their Scottish leader, Ruth Davidson, found it much easier to win the support of Leave than Remain supporters in the election - just as proved to be the case for the Conservatives south of the border too.

The difficulty that the SNP's pro-EU stance created for the party in the 2017 election was also evident in the pattern of the constituency results. Once we have taken into account the fact that (ironically)

support for the SNP fell more heavily in working class Scotland where a high vote for Yes had been recorded in the independence referendum in 2014, support for the SNP fell rather more heavily in seats where a relatively high proportion voted Leave in 2016. Looking first at those constituencies located in local authority areas where less than 45% voted Yes in 2014, we find that nationalist support dropped by 10.5 points where less than 38% voted Leave in 2016, but by 11.8 points where more than 38% did so. The equivalent figures for those seats located in areas where more than 45% voted Yes are 14.2 and 15.2 respectively. The clearest demonstration of the difficulty created for the SNP by the behaviour of voters in more Leave-inclined areas was the spectacular defeat of Alex Salmond in Banff & Buchan, the Scottish constituency with the highest Leave vote in 2016. The vote for the party's former leader and First Minister fell by as much as 21.2 points – while the Conservatives recorded one of their strongest advances anywhere in Scotland.

The electoral reversal that the party suffered in the general election soon persuaded Nicola Sturgeon to hold back, for the time being at least, from pursuing a second independence referendum, even though only just a few weeks earlier she had persuaded the Scottish Parliament to vote in favour of asking the UK Parliament for the authority to hold a second ballot. In part, at least, that reverse was occasioned by the fact that, rather than creating a bandwagon in favour of independence, Brexit served to expose a fissure in the nationalist movement that Nicola Sturgeon has struggled to straddle. Brexit has, perhaps, turned out to be more of a problem for the First Minister than an opportunity.

Brexit and Scotland

Michael Keating

For many Brexiters, European integration contradicts the principles of the UK constitution, based as it is on parliamentary sovereignty as the expression of a unitary nation-state. The fact that the locus of sovereignty seems to have moved from Parliament to the putative 'British people' does not alter this. In Scotland, there is another view of the constitution, both in law and politics. From this perspective, the UK is an asymmetrical, plurinational union without a single *demos* (or people) or shared telos (end point or purpose); the union is continuously negotiated and subject to multiple interpretations across its component parts. Sovereignty is not unitary, but divided and shared.

This fits well with the EU, also a plurinational polity with multiple meanings and no fixed end point. Scotland's strong majority for remaining in the EU is thus politically and constitutionally relevant. In the 2014 independence referendum campaign, Scots were told that the only way to secure continued membership of the EU was to vote No. They subsequently voted to Remain within both unions but now discover that this is not possible.

Various options have been rehearsed by the Scottish Government and other voices within Scotland. The Scottish Government declared that its ideal outcome would be for the whole of the UK to stay within the EU. If that were not possible, it argued that the whole of the UK should remain within the single market. Failing that, it hoped that Scotland could remain in the single market – and has published proposals to this effect. This concept was not pursued by the UK Government, and indeed did not gain much support in the EU either.

Only following the failure of these approaches did the Scottish Government propose a second independence referendum, to allow Scotland to remain in the EU. This would be far from straightforward. The argument made during the Scottish independence referendum was that both Scotland and the remainder of the UK would be inside the single market and the customs union. With Scotland in the EU and the rest of the UK outside, Scotland's border with Europe would be kept open but its border with England (across which it does almost four times as much trade) would be closed.

Nor did the strategy of using EU membership to rekindle the independence debate succeed politically. Scottish electors have never made the link between being independent and being in the EU. In the 2017 general election, the SNP lost heavily to the Conservatives and, to a lesser extent, Labour among the minority of their supporters who had voted Leave, without compensating gains from Remain supporters. Following this electoral setback, the SNP parked the independence option.

Recently, the SNP has been moving towards an emerging soft-Brexit alliance with the Liberal Democrats, the Green Party, some Labour politicians and a few Conservatives. Soft Brexit may not be their first option. However, it would keep the independence option open and, the softer the Brexit, the easier independence would be in the longer term.

Meanwhile, Brexit has already tested the constitutional settlement. In the aftermath of the 2014 referendum, the unionist parties agreed that Scottish devolution should be entrenched as far as is possible in our unwritten constitution. The Sewel Convention, according to which Westminster will not 'normally' legislate in devolved matters without the consent of the Scottish Parliament, was written into the Scotland Act (2016). This is understood to include changing the powers of the Scottish Parliament. Yet Brexit has almost immediately undermined the convention: withdrawal from the EU requires changes imposed from Westminster, at a minimum to remove the requirement of the Scottish Parliament to legislate within EU law.

The Supreme Court judgment in the Miller case stipulated that the Government would have to gain parliamentary approval to trigger Article 50 and start the withdrawal process. It added that the consent of devolved legislatures was not needed. As a strict matter of law, we knew this already but the Supreme Court went further, asserting the absolute sovereignty of Westminster and describing the Sewel Convention as merely 'political'. That is not consistent with most Scottish understandings of sovereignty.

So, when the EU Withdrawal Bill proposed that competences currently shared between the devolved legislatures and the EU should initially come back to Westminster, this was seen as a matter of principle in Scotland. In due course, the Scottish Government came to accept that there might have to be shared frameworks in matters like agricultural regulation or the environment and to deal with devolved matters in international trade deals. These should, however, be negotiated among the nations rather than imposed from above, and the devolved bodies should not lose powers. This view has gained support in both Scotland and Wales and in cross-party reports from both the Scottish Parliament and the House of Lords. The UK Government has promised to amend the Bill but, at the time of writing, we do not know how.

Whatever happens to the formal constitution and the division of powers, it is likely that the Scottish Government (of whatever party) will seek to maintain a high degree of regulatory alignment with the EU where its devolved powers permit. It will also seek to remain within European policy networks, as will Scottish local government and civil society. While the UK Government's position remains that there will not be territorial differences in the application of Brexit, Scotland is likely to remain politically closer to Europe than England for the foreseeable future.

Brexit and English identity

Dan Wincott

It's hardly surprising that people in England identify as English. Yet, when thinking about national identity in England, we should remember three things. First, Englishness has had important political effects, including in the Brexit referendum. Second, English identity remains politically volatile and lacks institutional expression. England has no equivalent to the SNP or the Scottish Parliament. Third, national identities in England are complicated. In 2016, 75% of people in England felt strongly English and 76% felt strongly British. A clear majority identified as both English and British. Disentangling the effects of these interwoven identities can be challenging.

Political impacts of Englishness

In the 2015 general election, David Cameron made a clear appeal to the English. His catch-phrase about a 'coalition of chaos', led by Labour but dominated by the SNP, helped to return a majority Conservative government. It may also have contributed to the SNP's astonishing success that year.

Today, some aspects of Cameron's English politics are largely forgotten. Who now recalls his 'Carlisle Principle' – that Scottish devolution should not have detrimental consequences for the rest of the UK? The idea of English Votes for English Laws (EVEL) was introduced in October 2015. Yet English national identity played a critical role in the UK's choice to leave the EU.

In the Brexit referendum, 85% of those who identified as 'English, not British' were Leavers, as were fully two thirds of people who feel 'More English than British'. By contrast, over 60% of those emphasizing a British identity supported Remain, as were a narrow majority of those for whom both identities are equal. Analysis shows that Englishness (measured by combining the exclusively English and more English than British groups) was a cause of Brexit.

What do we know about English national identity?

If understanding Englishness is critical to making sense of UK politics, we know surprisingly little about national identities in England. Elsewhere in the UK, national identities are central to public debate. For England, the national dimension of politics has been largely hidden within 'British politics'. Analysts rarely think of England as a political or analytical 'unit'.

The Future of England Surveys (FoES) used here are an exception, but political surveys are usually carried out on a Britain-wide basis. Given England's size, it is generally possible to extract a useable English sample from them. But that work is rarely done. Often, we are left analysing 'Anglo-British' politics – a picture of England may be blurred by the inclusion of non-English data. The samples for Wales, and often from Scotland as well, are generally too small to say anything about these countries. Northern Ireland is analysed on its own.

England between local government and devolution

England sits uneasily between the themes of devolved and local government. Elsewhere in Britain, devolution is 'national'. But England's dominance makes this form of devolution potentially unsettling for the UK. Breaking the country up into smaller units is one response to the dilemmas posed by England and Englishness. A powerful case can be made for the decentralisation of political power in England, and several contributors to this collection make that case. Over 40 years, the autonomy and scope of English local authorities have been reduced. Some English 'regions' have larger populations than Scotland. Both Labour and Conservative governments have been tempted. Labour's introduced a scheme for regional devolution – comprehensively defeated in the 2004 North-East referendum. The Conservatives have experimented with English city-regions.

However, 'devolution as decentralisation' is a limited and indirect way of addressing the political implications of English identity. It diverts attention from, and possibly neutralizes, the national character of Englishness. For people uneasy about English identity, that might be a desirable outcome. Equally, even in the absence of dedicated English institutions, the Brexit referendum experience suggests that the English can find powerful ways of expressing themselves politically – and may do so again in the future. Treating it as an inherently problematic and distasteful identity is likely only to exacerbate English political discontent.

England, Englishness and the UK's future

If there is no easy institutional fix for England, the protean quality of English political identity could also be destabilising. For example, the English politics of leaving the EU could have major effects beyond Brexit. The 2017 FoES found many Brexit supporters in England apparently willing to sacrifice the UK's union to achieve their key aim. 81 per cent of Leavers, rising to 87 per cent of Conservative Leavers, were willing to destabilise the Northern Irish peace process if necessary to achieve Brexit. Even larger majorities of these groups (88 and 92 per cent respectively) were prepared to countenance Scottish independence as a price for Brexit. These attitudes might change in the face of a real prospect of the UK breaking-up. Even so, the reluctance of Leavers in England to accept constraints on Brexit - even in the name of the Union - is striking.

Brexit and Wales

Roger Awan-Scully
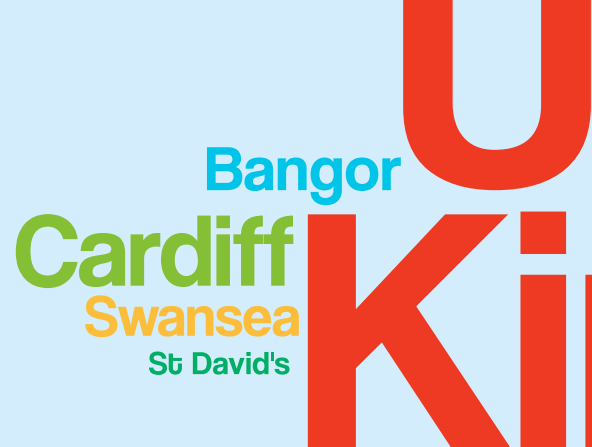
Wales voted for Brexit – to the undisguised shock of nearly all its political and socio-economic elites. The Leave vote severely undermined the long-cultivated self-image of Wales: a vision, sustained by the nation's long electoral aversion to the Conservative Party, of Wales as a more politically progressive nation than its English neighbour. That vision was left looking threadbare by a Leave vote that followed on UKIP's considerable electoral success between 2014 and 2016.

The Leave vote also ran counter to apparent economic self-interest. While the United Kingdom has long been a substantial net contributor to the EU budget, pre-referendum analysis by the Wales Governance Centre indicated that Wales is a significant beneficiary. Wales – and particularly many of the South Wales Valleys, where the end of the long-dominant coal mining industry continues to leave a huge void – has benefited from substantial amounts of EU Structural Funding.

The peculiar shape of Welsh agriculture – mainly small-scale livestock farming – means that it has done well from Common Agricultural Policy financing, while much of the produce from Welsh farms is exported to other EU countries. The rest of the Welsh private-sector economy depends heavily on a small number of large, export-oriented manufacturers who are closely linked the EU single market. That single market also has specific importance to certain Welsh communities: the vast majority of all physical exports from the Republic of Ireland transit through three Welsh ports. In short, Wales potentially has a great deal to lose from Brexit.

With these interests in mind, a consistent priority for the Welsh Government since June 2016 has been to try to secure the softest Brexit possible. It published (jointly with Plaid Cymru) a policy paper setting out this position in January 2017. Yet Wales has little or no bargaining leverage within the UK: the Welsh Government can make no credible threat to London, nor does it have a public mandate to resist Brexit. And, as Noah Carl and Anthony Heath note in this report, the idea that power should be devolved to the Welsh Assembly is less engrained in the Welsh electorate than in Scotland or Northern Ireland. It is therefore unsurprising that such initiatives have largely failed to get Welsh concerns reflected in the UK government's Brexit negotiating position.

After the general election in June 2017, the Welsh Government's focus shifted towards the domestic governmental implications of Brexit. First Minister Carwyn Jones, his status and confidence boosted by having played the leading role in Labour's successful Welsh election campaign, launched an ambitious new Welsh Government policy paper, 'Brexit and Devolution'. This advanced Jones' long-standing argument for re-shaping the entire constitution of the UK: it called for "deeper and more sustained cooperation between devolved administrations and the UK Government after EU exit". However, once again, the initiative failed to resonate in Whitehall.

Indeed, far from unleashing a new devolutionary impulse, the Welsh Government has subsequently found itself battling to resist what it sees as a substantial potential erosion of Welsh self rule. The EU

Withdrawal Bill, when first published in July 2017, immediately drew withering criticism from the First Minister who attacked it as a 'power grab'.

This objection to the Withdrawal Bill stems from the fact that many major areas of devolved responsibility (such as agriculture, fisheries and the environment) have hitherto been exercised in a Europeanised context. However, the Withdrawal Bill stipulated that these competences would 'land' in London post Brexit (depending on the model of Brexit that is enacted) rather than returning immediately to the devolved nations.

All governments in the UK – even the Scottish Government – recognise a need for cooperative frameworks in some of these areas. Carwyn Jones has often cited the example of livestock welfare regulations, arguing that it would make little sense to establish different regulatory rules in the different nations of the UK.

Yet how should any new frameworks be agreed? The devolved governments insist that, within the UK, devolved areas are devolved. Any powers thus 'repatriated' from the EU should therefore come to them. The UK government insists it will ultimately adjudicate which repatriated powers are devolved, and which will return to Westminster. It argues that it should therefore hold any such powers in the first instance. The Scottish and Welsh governments see this as an attempt to reclaim powers in devolved areas, something they are emphatically not willing to countenance.

Beneath this problem is an almost total lack of trust between London and the devolved administrations. This is hardly surprising in the case of Scotland, whose government remains committed to eventually leaving the UK. It is more striking in Wales, whose government remains firmly committed to the union (while wishing to substantially re-shape it). It is not simply about a Labour government in Cardiff distrusting a Tory-led regime in London. Much of the distrust stems from the lengthy process that culminated in the 2017 Wales Act, by which Westminster reshaped the Welsh devolution settlement. This was seen by many in Cardiff, including the First Minister, as a poorly conducted power grab by Whitehall.

Given the long-standing and deep enmity between Labour and the SNP, the joint statements by Carwyn Jones and Nicola Sturgeon on the Withdrawal Bill– in July 2017 opposing it's introduction, and in September 2017 calling for deep amendments to avert a power 'hijack' from Westminster – have been striking. They are perhaps the clearest testament to the UK Government's rather clumsy handling of the internal politics of Brexit.

With the devolution aspects of the Withdrawal Bill largely intact, there appears little chance of that Bill receiving legislative consent from either the Scottish Parliament or the Welsh Assembly. The Supreme Court's judgment in the Miller case indicates that the UK Government and parliament may be able to proceed anyway. A 'Continuity Bill' passed by the Welsh Assembly – to enshrine existing EU regulations in devolved areas in Welsh law – has been proposed by the Welsh Government. This too may prove inadequate before the Courts. The only certainty appears the inevitability of further conflict between the UK government and its devolved counterparts.

Brexit and Northern Ireland

Katy Hayward

In uncertain times – indeed, perhaps at any time – in Northern Ireland, the most secure ground for politicians is not at the centre but closest to their respective hard lines. The shockwaves caused by the result of the referendum in June 2016 have had particular intensity in the region, and the subsequent retreat to the familiar territory of 'unionism' and 'nationalism' is as unsurprising as it is regressive.

As such, the hiatus in devolved government came at the worst possible time. The two largest parties – Irish nationalist Sinn Féin and the Democratic Unionist Party (DUP) – remain profoundly polarised. The political vacuum in Stormont arose primarily in response to a home-grown crisis. Sinn Féin walked out of the Executive in January 2017 in anger at the DUP's handling of the Renewable Heating Initiative (RHI). But by making its return to power-sharing conditional on a new status for the Irish language, it sought to extract a symbolically-important act of 'recognition' from the DUP. Such is the state of sub-national government here.

Any agreement to restore power-sharing was made all the more difficult to achieve by the context of Brexit. The very divisiveness of the issue meant that it was removed from the table as a topic for negotiation; this is because Brexit has ramifications for the very core of unionist/nationalist division: the Irish border.

The results of the two snap elections in Northern Ireland in 2017 also reflect this schism. Both the Assembly election on 2 March and the general election of 8 June affirmed the north-east and south-west territories of DUP-dominance and Sinn Féin-dominance respectively. Sinn Féin is strong in all the constituencies that run along the Irish border, where many of its supporters see Brexit as a material as well as ideological threat.

In fact, there was an overall growth in votes for Sinn Féin in both elections, and a corresponding loss of the unionist majority in the Assembly. This should not be interpreted as a surge in support for Irish unification – no poll or survey conducted so far has indicated such a trend. It is instead a reflection of the game-playing voters are forced into, especially during times of uncertainty.

In both elections, turnout increased to 65% (about 10% higher than usual). The electorate is agitated and determined not to let the 'other side' exploit the situation to change the status of the Irish border. Unionists fear nationalists will use Brexit to expedite Irish unification; nationalists fear unionists will use it to weaken cross-border cooperation and strengthen the power of Westminster.

Elections in Northern Ireland bring a whole spin to the phrase 'negative politics'. It is best, therefore, not to read the results as demonstrating huge passion for Sinn Féin and the DUP. Rather, Sinn Féin and the DUP are the parties people feel most strongly antagonistic towards, largely based on fear of that party's view of the Irish border being imposed on Northern Ireland. And only Sinn Féin and the DUP are seen as strong enough to counter the weight of the other. As such, moderate voters will vote Sinn Féin if it means keeping the DUP from winning a majority in their constituency, and vice versa.

Of course, the debate about Brexit has been conducted primarily in terms of high rhetoric and binary choices across the UK. This has particularly destructive consequences in Northern Ireland that can only be understood in light of the 1998 Belfast (Good Friday) Agreement.

The success of the 1998 Agreement lay not in resolving the border conflict but in making the border issue simply less important. Facilitated by common EU membership, the depoliticization and 'normalisation' of cross-border movement in Northern Ireland has been a vital part of the peace process. As Michael Keating points out in this report, the process and outcome of leaving the EU are inherently disruptive to the fragile constitutional settlement between Scotland and the rest of the UK. The same is true in Northern Ireland.

More particularly, the very notion of having to decide between being closer to Great Britain or to the Republic of Ireland contravenes the logic of the 1998 Agreement, which sought to accommodate 'both' British and Irish through institutions that cooperate across unionism and nationalism, the Irish border, and the Irish sea.

Counter to UK decentralisation and the multi-level governance model of the 1998 Agreement, Westminster is now very much the locus for decision-making regarding the UK's future. Given the stark implications of Brexit for the Irish border, the centrality of UK-Irish relations for the 1998 Agreement, and the symbolic as well as legislative value of the devolved institutions, Stormont is uniquely affected by the outcome of Brexit; and yet it stands silent on the matter. Who, then, represents Northern Ireland?

The UK and EU made welcome commitments in the Joint Report of 8 December that were specifically designed to limit the potential damage of Brexit to Northern Ireland's economy, the 1998 Agreement and the peace it underpins. Given the limitations of free trade agreements and bilateral arrangements, the means of meeting these commitments either lie in 'specific solutions' for Northern Ireland or in 'full alignment' with the EU Internal Market and Customs Union rules for the whole of the UK.

Both options could see new scope and responsibility for Stormont. And both options are vocally opposed by the pro-Leave DUP, which is, quite logically, making the most of the privileged position it secured via the confidence-and-supply agreement with the Conservative Government.

In the meantime, in the absence of a First and a Deputy First Minister, Northern Ireland has been represented on the Joint Ministerial Committee (European Negotiations) by senior civil servants – a lost opportunity for political strategy, communication and influence.

The stakes could not be higher for Northern Ireland and yet its political representation in the Brexit process could hardly be any more imbalanced, inadequate or ill-equipped for the task

Where should decisions be made?

Noah Carl and Anthony Heath

Sovereignty lies at the heart of the debate over Britain's membership of the European Union. According to Lord Ashcroft's referendum-day poll, the most commonly cited reason for voting Leave was 'the principle that decisions about the UK should be taken in the UK'. Likewise, when the *British Election Study Internet Panel* asked, 'what matters most to you when deciding how to vote in the EU referendum?', the modal response among Leave voters was 'sovereignty' or one if its various synonyms. In fact, the whole EU debate arguably comes down to whether Britain should continue pooling its sovereignty with 27 other member states, or whether it should reaffirm its national sovereignty by leaving.

However, 'sovereignty' is not simply a question of whether decisions should be made by the EU or UK. There are at least two other levels of decision-making to which powers could be repatriated after Brexit: the devolved administrations, and regions/cities. A number of prominent Leave campaigners (including the head of Scottish Vote Leave) argued during the referendum campaign that Brexit would inevitably lead to an expansion of powers in the devolved territories. Likewise, a post-referendum petition calling for London to declare independence epitomised growing calls for greater autonomy for Britain's largest cities, where the Remain vote was strongest.

As part of our on-going study of attitudes to the Brexit negotiations, we asked a nationally representative sample of Britons whether each of four policies 'should mainly be decided' at the European level, the national level (Westminster), the devolved level (for example, the Welsh Assembly) or at the region/city level (such as the north east, or London). The four policies were: 'protecting the environment', 'agriculture and fisheries', 'level of immigration' and 'taxation'.

The majority of both Leave voters and Remain voters think that all four policies should be decided at the national or sub-national levels. For example, the percentage of Remain voters who support decision-making at the European level was 44% for 'protecting the environment', 31% for 'agriculture and fisheries', 23% for 'level of immigration' and only 10% for 'taxation'. Unsurprisingly, the corresponding percentages for Leave supporters were all much lower.

The low level of support among Remain voters for decision-making at the EU-level is rather striking. There are two possible explanations. First, we used the phrase 'should mainly be decided', and most Remain supporters may consider the current balance of competences to be satisfactory. Second, some Remain supporters may be unaware that the EU plays any role in areas of policy like, say, agriculture and fisheries. Research by Simon Hix shows that Britons are less knowledgeable about the EU than citizens of any other member state.

We are also able to compare support for decision-making at different levels across five major areas of the UK: London, the rest of England, Wales, Scotland, and Northern Ireland. Figure 1 shows the results for 'protecting the environment'; Figure 2 for 'agriculture and fisheries'; Figure 3 for 'level of

immigration'; and Figure 4 'taxation'. Note that we restricted the sample to citizens of the UK, Ireland and the British Commonwealth (those who are eligible to vote in UK national elections).

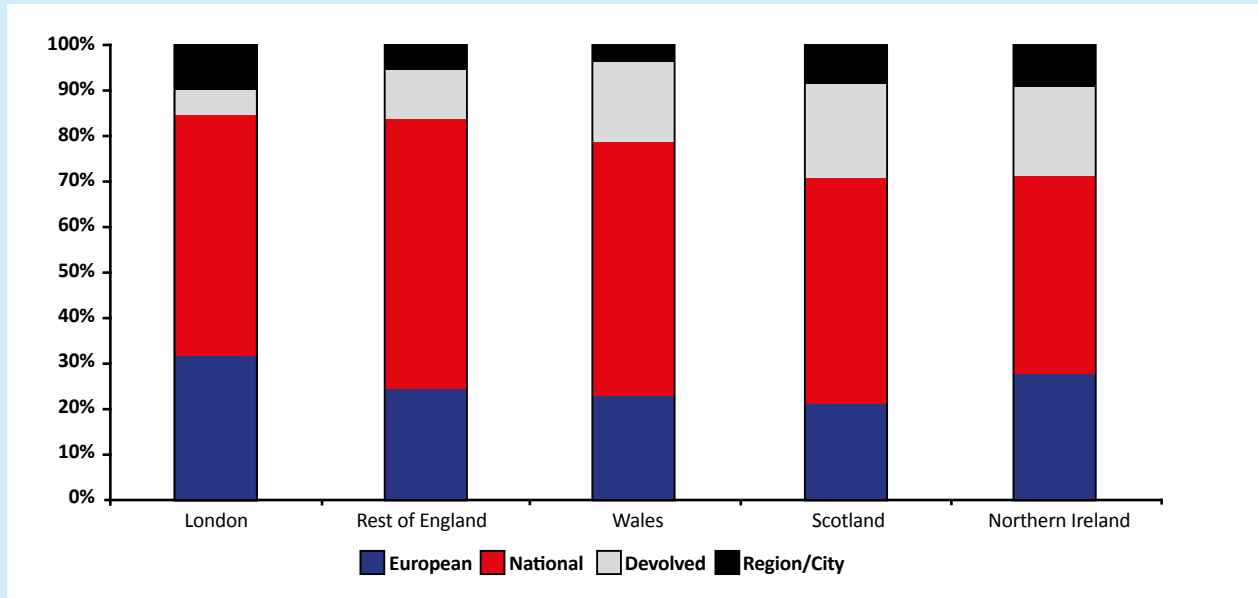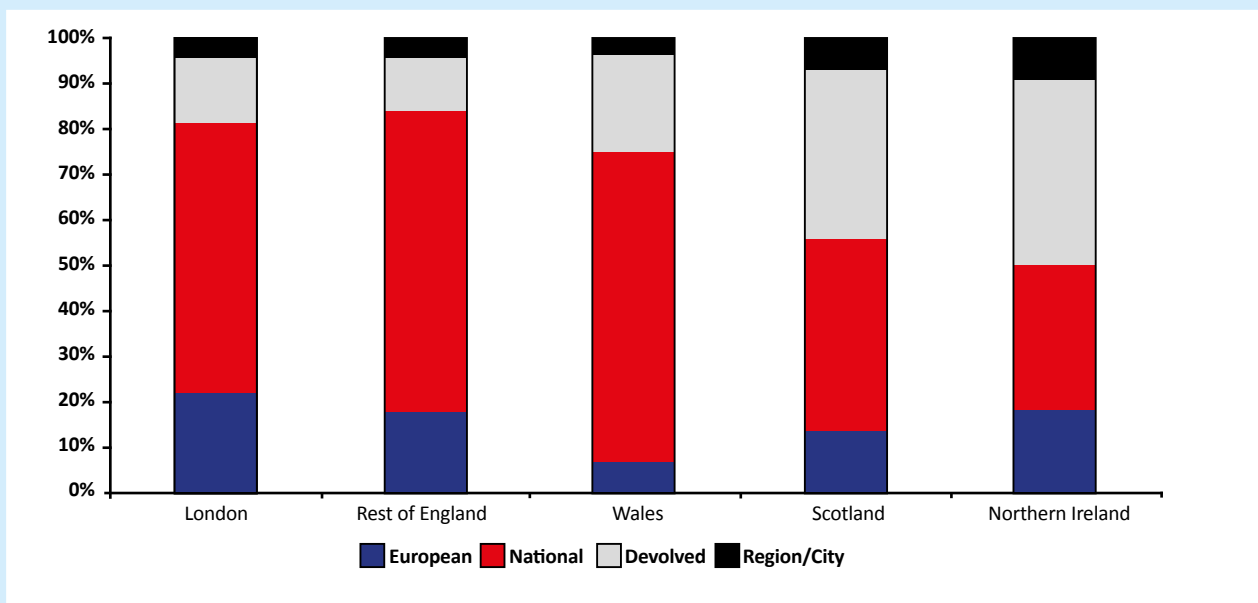**Figure 1:** Protecting the environment, support for decision-making at different levels

Figure 2: Agriculture and fisheries, support for decision-making at different levels

A number of broad conclusions can be drawn from the charts. First, in all five areas of the UK, the most popular level of decision-making is the national level (the only exception being 'agriculture and fisheries' in Northern Ireland, where devolved decision-making is the most popular).

Second, with the exception of 'level of immigration', where for obvious reasons Northern Irish people are the most supportive of European decision-making, Londoners are the most supportive of decision-making at the European level. This is of course consistent with the narrative that London is to some extent *sui generis* in terms of attitudes to the EU.

Figure 3: Level of immigration, support for decision-making at different levels
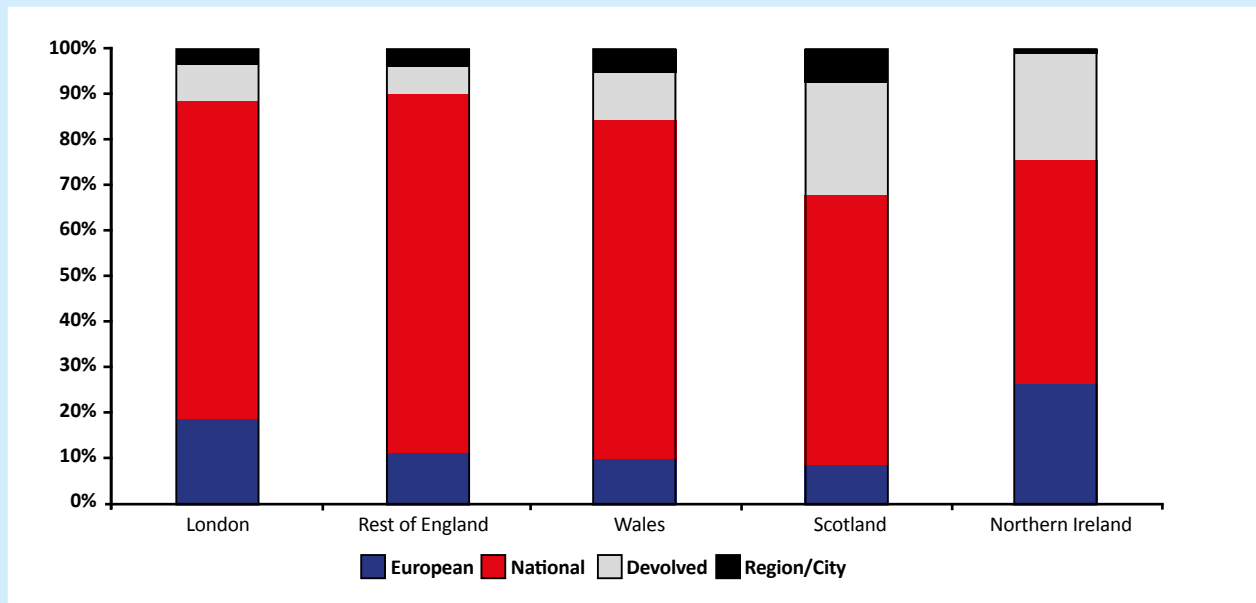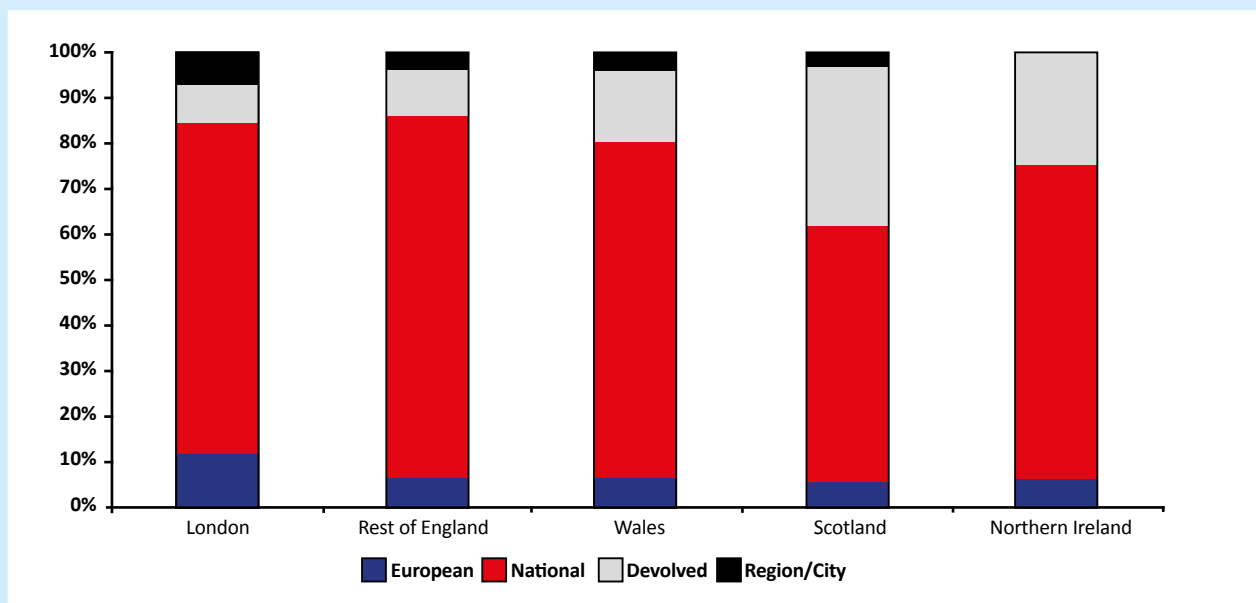

Figure 4: Taxation, support for decision-making at different levels

Third, Scottish and Northern Irish people are the most supportive of decision-making at the devolved level, especially when it comes to 'agriculture and fisheries' and, to a slightly lesser extent, 'taxation'. Londoners and other English people are the least supportive of decision-making at the devolved level, which could be attributable to the fact that there is currently no devolved assembly in England. Somewhat surprisingly, Welsh people are only slightly more supportive of decision-making at the devolved level than the English.

Fourth, very few people in any of the five areas support decision-making at the region/city level. In particular, contrary to the notion that there is a great appetite for new tax-raising powers in the capital – and despite the policy case that Andrew Carter sets out in his contribution to this report – only 7.5% of Londoners support decision-making at city level. Though it should be noted, of course, that our question refers to the 'region or city' level in general, rather than to London specifically.

While concerns over sovereignty played a crucial role in the UK's vote to leave the EU, it remains to be seen precisely where different powers will be repatriated after Brexit. Support for decision-making at the devolved level appears to be highest in Scotland and Northern Ireland. As Michael Keating shows, despite these higher levels of support for devolved decision making, there are fears within the Scottish government that Brexit will allow Westminster to carry out a political power grab. Londoners are somewhat more likely to support European decision-making than other English people, but are only slightly more likely to support decision-making at the region/city level. Our stand-out finding, then, is this: almost everywhere, by far the majority of people in the UK prefer for decisions to be made at the national level.