



London Funders Panel Discussion: Brexit means Brexit? 20 September 2016

Themes

The presentations and discussion revealed a number of key themes.

- Immigration became a proxy issue for a range of other grievances - in London as elsewhere in the UK
- London is much more trustful of political leaders than other parts of the UK
- The vote can be seen as a more general challenge to western social democracy, and has echoes elsewhere in the world.
- Things remain uncertain across a range of policy areas. However, the devolution agenda will probably emerge weaker than it was before the vote, and an industrial strategy to support marginalised deindustrialised areas seems likely
- Different regions will have different priorities for Brexit. London's relationship with the rest of the UK will continue to be in question.

Issues for funders to consider

- Traditional models of funding, focusing on constituted organisations and dispensed from national funders, have failed to build capacity in many communities in across the UK.
- Funders must consider how to build local ownership of funding and local capabilities to be able to maximise the benefit from funding
- Funders need to support efforts to engage groups of people who feel ignored by elites, whose worlds are changing beyond their control
- Funders need to consider the factors that led people to distrust MPs and national institutions
- Funders should think about supporting initiatives aimed at social cohesion to bring communities together and help people to integrate better
- Funders should consider how to support local activism to enable people to 'take back control'



Panel members:

Nancy Kelley, Director of Policy and Research Centre, NatCen
Edward Davies, Director of Policy, Centre for Social Justice
Simon Parker, Director, New Local Government Network
Julian Corner, Chief Executive, Lankelly Chase Foundation

The panel was chaired by Kristina Glenn, Director, Cripplegate Foundation and Chair of London Funders.

Introduction from Kristina Glenn

Today's debate is about a subject we talk about every day now: Brexit. Could there be a day without anyone mentioning that phrase? There has been no shortage of comment about the implications of the referendum, especially for London and the UK. Much of it is speculation. There are some things we think we know, such as that the economy is likely to enter a period of volatility and uncertainty. But Google recently described Brexit as 'a little local difficulty'!

A recent Populus poll found that leave and remain voters now have a lot in common. There is a shared scepticism of government's ability to deliver on its promises; a shared desire for government to focus on policies rather than big announcements; and a belief, strangely, that experts should be consulted on difficult policy decisions.

With hindsight, whatever the outcome of the referendum, it was going to expose division and pose questions about what links us all together.

Across London, 59.9% voted to remain. -In some boroughs it was as high as 70%. But 40% voted to leave, including majorities in Barking and Dagenham, Bexley, Sutton, Havering and Hillingdon. Among the top five 'remain' areas nationwide were Lambeth, Hackney and Haringey. Among the highest leave votes was Thurrock (73%).

The panel are invited to reflect on Brexit in the context of London, what it means for civil society, the debates we are having about local government and devolution, and what it means about our work.

Presentations:

Nancy Kelley, NatCen

Context setting with evidence from polling and qualitative opinion research

Nancy Kelley used social research evidence to show that the Brexit result reflects disparity between income groups, but the key difference between London and the rest of UK is its level of trust for politicians. Slides from Nancy's presentation are available on the London Funders website.

This presentation draws on unpublished work funded by the Joseph Rowntree Foundation looking at people on low incomes through historical British Social Attitudes (BSA) survey data, a new online poll, and qualitative research. The presentation also shows some charts from the BSA survey showing responses from people in London and the rest of the UK. It will reflect on the stories we told ourselves about what was going to happen in the referendum, and what we are telling ourselves now about what did happen, and comparing those ideas with the data.



What stories have we been telling ourselves?

Before the referendum, the general view was that there would be a narrow remain vote, driven by a strong remain vote in London. Now that the referendum has happened, three main narratives have emerged about what happened:

- The vote was about 'left behind communities'
- The vote was a reaction to the UK's political culture
- The vote shows the impact of immigration on UK life and culture

Looking at historical BSA polling data, and focusing on people on less than 60% of media income, we can see that poor people are more likely to vote Labour, and unlikely to vote Conservative. They are also more likely to not have a political affiliation.

Over time, there has been an erosion of Labour support among rich and poor, but not the collapse in affiliation that the media has portrayed. Tribal loyalties remain.

There is a big difference between the proportion of people on higher incomes interested in politics, and the proportion of people on lower income. Poorer people are slowly getting more interested.

People on low incomes are significantly less likely to trust MPs to put the country's interests above their own. The proportion of lower income people who say that they just don't trust MPs to do what is right has gone from 31% in 2000 to 40% in 2013. Over the same period, the proportion of respondents on lower incomes saying they don't trust MPs to tell the truth rose from 49% to 61%. This is very dramatically higher than for higher income groups.

People on lower incomes have been consistently more Eurosceptic over the last 15 years. In the BSA survey, people on low incomes have been much more likely to say we should just leave the EU. However, the overall percentage wanting to leave the EU has only been over 30% once in 15 years.

This evidence, therefore, does not support the narrative of a gradual increase in disaffection. It shows a stable picture. In fact in 1975, when a referendum was last held (then on membership of the EEC), 33% of people wanted to leave the EU.

This evidence is also a marker of how successful the leave campaign was.

Is London really an island?

Over 15 years, London has not shown a difference with the rest of UK on the BSA survey question about EU membership. On the basis of this question it isn't clear that the EU referendum outcome was to do with the EU itself.

Where there is a difference between London and the rest of the UK, it is in Londoners' level of trust for MPs. Contrary to the notion that Londoners are inherently cynical, people in London show much higher trust levels for MPs than everywhere else in UK. Nearly a quarter of Londoners trust MPs to tell the truth most of the time.



Why is this? It could be simply down to proximity; it could be that London has done materially better than rest of UK over time; or it could be that Londoners believe the narrative that London has done the best

On another question, about whether immigration is good for the economy, a straight yes or no response is required. On the basis of this question, more than half of people in London think immigration is actively good for the economy - far more than for the rest of the UK.

Immigration is felt to be something that people cannot control. In fact, individuals cannot control many important aspects of society, such as crime - but it is lack of control over immigration that is felt most keenly.

In the qualitative work undertaken for the Joseph Rowntree Foundation, people said that the issues of most importance to them were health and education. But a link was made between these and immigration. There was a strong perception that access to and quality of services is affected by immigration. This strong 'cultural displacement' narrative was manifested in statements about school places going to migrant families, and nativities no longer happening in schools.

In conclusion, to address the question of whether the UK is divided, I would say yes. There are big differences between rich and poor across the UK on issues such as membership of the EU, migration, and trust in MPs

Where there is a difference between London and rest of UK, it is not about the EU per se, but there is a dramatic difference in trust, and attitudes to immigration and its relation to our economic prosperity. Poor people in London may have slightly different attitudes to poor people elsewhere but the difference is unlikely to be great. This is backed up by the fact that the qualitative evidence gathered for JRF was from Londoners.

Edward Davies, Director of Policy at Centre for Social Justice
A policy-making perspective

Edward Davies explained how the Centre for Social Justice is seeking to focus less on the process of Brexit and more on policies to respond to the underlying causes of the vote.

The political conversation over the next two months and as we go into party conference season will be about Article 50 and the mechanics of leaving the EU. Our focus at the Centre for Social Justice will be on the underlying reasons for the vote.

For a new report coming out soon, called '52:48', we interviewed 150 leavers and 150 remainers about immigration. We found that it is often a proxy for other issues relating to quality of life and public services.

Our analysis shows that poor and less well educated people, those not in work, those in council housing, and those dependant on the state pension, all preferred to leave. There is a strong correlation between low earnings and the likelihood of someone voting leave.

The CSJ is interested in addressing the issues that drove the reasons why people wanted to leave. These include education, skills, and 'social fabric', which includes family and community life.

We are also interested in intergenerational fairness. The Resolution Foundation has shown that there is a huge divide between people over 44 and under 44, which was reflected in voting in the referendum.



Related to this is geographic separation - with younger people having to live in particular areas because of housing costs.

Simon Parker, NLGN
Local government

Simon Parker outlined the many areas of uncertainty facing local government after the Brexit vote, and showed how different regions have different concerns about what Brexit will mean.

We don't know what Brexit will mean for local government. There is uncertainty around a range of issues, including funding to areas like Wales and Cornwall; the workforce, especially care workers; and the future of the devolution agenda.

Our discussion has focused so far on the differences between groups of people, but there is also a clear correlation between the places in the UK that have done badly in recent years are the places that voted to leave the EU. There was some surprise when Birmingham voted narrowly to leave, but GDP per head in the West Midlands has been falling compared to other parts of the UK.

The leave vote tells a story about how we have run our economy. Since the 1960s and 70s, deindustrialisation has taken place, and accelerated through government choices to the extent that London and the Southeast now subsidise everywhere else.

The political view on this has been that regions in receipt of subsidy should be grateful. The evidence from the Brexit vote is that they are not. In fact, regions like Cornwall, which get very large EU subsidies, have voted to get rid of them. Likewise in the Northeast, Nissan is a huge part of the economy, but people in Sunderland voted to make conditions tough for that company to stay in the UK.

What are the implications for policy?

On devolution, the work that George Osborne did as Chancellor is starting to unravel. Theresa May, while saying she is committed to the devolution agenda, has also said she is unsure about the proposed new elected mayors. A watered down version seems likely, which will be less ambitious than the settlement for Manchester. Devolution arrangements for the Northeast, Sheffield and Lancashire, among others, no longer appear likely to happen.

We can also expect an industrial policy focusing on second-tier regional cities. The most economically rational approach would be to channel investment into urban areas where there is most value to be gained, but the political landscape dictates that the focus will be elsewhere.

We are going to see a series of Brexits across the country.

- In London we are going to be concerned about the financial services market in Europe. Accessing the migrant workforce is important. Migrants (not just from the EU) also account for 25% of our care workforce.
- In the north, the priority will be companies like Nissan and other big manufacturers that want to access the single market.
- In places like Oxford and Cambridge, the concern will be R&D. There is now uncertainty about research funding, an area in which the UK did very well under the EU.



Given these different Brexit stories, the political dynamic between London and the rest of the UK is going to be very important.

Julian Corner, Lankelly Chase Foundation
A funder's perspective

Julian Corner argued that the Brexit vote showed that traditional models of philanthropy have failed to develop capabilities in local communities

While there is much discussion among funders about what the response to the leave vote should be, there seems to be a consensus that we don't know why it happened, so we don't know what the response should look like.

Responses from funders tend to be about building trust, community cohesion and the resilience of civil institutions, strengthening civil society and social capital. We have sought to build social goods in the face of an uncertain globalised world.

But, we were doing these things already. The question is whether we have done enough or should we do things differently.

If the vote was a rejection of mainly London-based institutions, then are funders part of the problem rather than the solution?

It is clear that there are too many areas of the country that independent funding has failed to reach. This is owing to a self-reinforcing cycle: funders support constituted organisations; these need strong social capital locally to exist. So we need to ask whether there is too cosy a relationship between constituted civil society and national funding. Do we need to move beyond the classic application process to reach the other parts of civil society?

Also, in too many areas a gardening analogy applies: if you water after a few days of hot weather the water runs straight off the soil. Likewise, in some areas the money has just 'washed off' because the fabric of those areas has been insufficiently prepared for the money to be used effectively. The most deprived areas have remained static over time. Measured by the indices of multiple deprivation, in 2015, 85% of the most marginalised neighbourhoods were exactly the same as they were in 2010.

I would go further and say that national funders have used the wrong strategies. For example, seeking to tackle a category of poverty has served to define people by their problems rather than their capabilities. Also, a lot of funding focuses on issues and the organisations that deal with them, not the patterns of deprivation they are linked to.

The classic model of philanthropy is to meet need, but this has come at the cost of neglecting structural problems.

There is an issue of accountability. Is national funding helping to build accountability of local institutions? Or does it draw attention upwards to national funding bodies? It is possible for local organisations to be funded by national funding bodies without any consultation with the local population or any sense of local ownership.



National funders need to consider a new set of goals. They need to think more about building capabilities than meeting needs, ensuring that everyone has a contribution they can make. It is important that independent funders avoid their money aping statutory funding in pursuit of strategies that meet the needs only of certain sectors of the population, rather than the needs of the whole.

Questions and comments:

Andy Gregg, Metropolitan Migration Foundation

A Pandora's box of racism and xenophobia has been opened by the decision to leave. Race crimes were going up for last three years but we have seen a huge spike in recent weeks. We should expect things to get worse before they get better. We seem to have some relatively 'happy racists' who think they have 'got their country back'. When they realise that they haven't they will become unhappy.

Funders need to look at issues of social cohesion very seriously. Immigration became a proxy for lots of issues in people's lives. We have rebuilding to do. But we can learn from multicultural London.

Simon Parker responded by saying that London has transformed in last 20 years. Some people are not comfortable with this. Political leadership is needed for us to talk properly about this issue.

Nancy Kelley responded by saying that areas with lots of people who are not white do quite well with integration. Living together makes us better at living together. Working together has been shown to be very powerful at making people less prejudiced. Therefore funders should be investing in organisations where this interaction takes place. There should be support for 'coming together places' like children's centres - both because these services are needed, but also because deep structured interaction is a means to stop racism.

Stewart Goshawk, Wembley National Stadium Trust

Thurrock, which had the second biggest leave vote in the UK, is unrecognisable to its population because of the speed of change. It is not just about population, but also deindustrialisation, infrastructure and building projects. People there have looked for something or someone to blame, and the referendum was the first opportunity they had to blame someone. Not enough work has been done with groups like former workers from Tilbury Docks. These people are a part of society that hasn't been supported - perhaps because they are not very good at organising.

Rosemary Watt-Wyness, London Youth

Speakers have commented on the link between income levels and voting to leave, but young people do not generally have high incomes, having been badly impacted by credit crunch and slow wage growth. Yet they were much more likely to vote remain. This may be a contradiction in the arguments presented.

Is there a risk to rush to find solutions linked to communities defined as 'left behind'. This is a focus on geographic community but this doesn't apply to young people, who mostly voted to remain. Young people may therefore be suffering a double whammy - they may not be the focus on attention to resolve underlying societal problems, but nor did they have the satisfaction of winning the vote.



Matthew Patten, Mayor's Fund for London

The group present seems overwhelmingly in favour of remain. What's happened has happened. We need to get past 'mourning' the result. We need collectively to find a positive point of view about the world we are in.

Brexit hasn't actually changed anything. It has shone a spotlight on issues that were already there. These issues are not new. We need to ask ourselves hard questions about how effective we have been as funders. This is going to take time and soul searching.

There is a crisis in civil society in its broadest sense. Western democratic leadership is at a low ebb. Leaders at national and international level are being challenged. We (funders) need to stand up and be counted.

Sarah Thurman, United Saint Saviours Charity

Brexit, like Donald Trump, is a result of the failure of the neo-liberal experiment. Discussion now is about policy issues. But there is a bigger economic issue.

Simon Bishop, London Borough of Sutton

A response to Julian Corner's point about capacity. Could the panel reflect on how funders should approach social investment? We are looking for good news stories fast, but social funding offers a slower return. Low wages are also an important issue. In the UK there is subsidising of wages, compared to Germany where wages are higher.

Ben Hughes, Local Trust

I was interested in the implicitly positive suggestion that the funding community can do things differently. Is there sufficient boldness in funders?

Bharat Mehta, Trust for London

Brexit is being seen simply as a bad thing that needs to be fixed. But leaving was popular. We must not assume in meetings like this that everyone is agreed. Not everyone sees it as a problem.

But, the underlying issues of poverty and inequality are clearly there and need addressing.

The question should be what can London do with its new Mayor to build bridges to other parts of the UK. London doesn't need to be the centre of everything. For example, parliament could relocate to Birmingham when it closes for refurbishment.

Solving these bigger problems requires national policy. Our role as funders should be to enable communities and organisations (even if flawed for accountability) to tackle these issues.



Closing statements:

Edward Davies

The key thing about Brexit is how we respond to it. This has shone a light on a really difficult situation. The last election didn't tell us anything so powerful as this This is exciting - we can now do something about it.

Simon Parker

Brexit is not a terrific opportunity, it's an astonishing act of national self harm. But it's happened and we have to get on with it. There should be no second referendum

These issues have come back to the surface. We have been ignoring them.

This is also a challenge to social democracy. Social democratic parties are being kicked out across Europe and struggling in the US. Corbyn has taken the Labour Party in a different direction.

Julian Corner pointed out that 85% of the poorest places in the UK are still poor. Actually it is worse because in places like Greater Manchester the poor have just been displaced. Despite all the money governments have poured into the poorest places, they are still poor. The money wasn't transformative.

We need to ask serious questions about how funding works from national government as well as funders.

Places are getting left behind. We need to invest in the capital they need to sort issues out. We must not do what we have been doing, which is to subsidise places to remain as they are. They don't want this and they've just told us so in the Brexit vote.

Julian Corner

The most potent words of campaign were 'take back control'. Brexit voters were twice as likely to feel their local area doesn't get its fair share, that their local area is neglected by politicians, and that politicians don't listen to their concerns.

If control is what is wanted, what does control look like? Probably not a burgeoning voluntary sector! Possibly might feel more control if they felt their local economy was flourishing. But there is timidity from funders to follow through on this. Are we genuinely equipping people to take back control? Do we allow our money to enable people to stand up and campaign for a better deal? Community organising is undeveloped here - unlike the US where people are more political.

We need to lock in value into local areas. This is a challenge to the classic philanthropic model where money is held elsewhere and dispensed to local areas. We need to say that this is your money - you don't have to jump through hoops to get it. We need to learn from evidence coming out of initiatives like Local Trust.

Nancy Kelley



My personal perspective is that part of problem is that we have not been honest with poor people in the UK about what globalisation means. People have lost out in comparison with some parts of the UK, especially London. This has then become wrapped up in the immigration issue. Myths have grown up about problems being the fault of migrants.

The UK's approach is lacking. Industrial strategy doesn't have good track record here. Without honest conversations about what globalisation means for people, we will keep seeing proxy issues emerge, and we will continue to pour money into propping up places that are not economically viable.