Levelling-up through economic growth (a business strategy for the regions)

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ABSTRACT This paper presents a case for the Government's levelling-up commitment being the most crucial post-Covid recovery issue for the next decade. It suggests that the commitment should be addressed through a process of regionally-based business development grounded in a clearly defined UK growth model derived from current developments in innovation and growth theory. The second half of the paper exemplifies a series of contributions required of public sector institutions to secure this agenda and argues that Government vision and leadership are essential to its success.

1. Introduction

In his speech to the Conservative Party conference last year the PM affirmed his intention 'to spread opportunity more widely and fairly' and this was reiterated in the Conservative manifesto that referred to 'levelling-up every part of the UK, investing in our great towns and cities, as well as rural and coastal areas'.

Since the general election the PM has repeatedly acknowledged his commitment to levelling-up the regions with particular reference to Brexit and Covid-19. Under the heading 'Levelling up' the March 2020 Budget asserts the need to 'raise productivity and growth in all nations and regions for everyone, addressing disparities in economic and social outcomes'. The Integrated Review prioritises 'levelling up opportunity and doing more to share the benefits of economic growth across the UK', so too the white paper 'Build Back Better: our plan for growth'. The Freeport bidding process that is underway also references levelling-up although it is not specifically targeted at areas outside London and the South East.

This is a hugely challenging time politically and economically, nevertheless, it is a time of cultural change when values are being challenged. It is a time when an inclusive vision for the regions could be seriously addressed. If levelling-up is to become a reality it has to be more than a tag applied to any initiative applicable to the regions. A properly articulated strategy is urgently required for consultation or the moment will have past.

In this short paper I shall consider the purpose of levelling-up and suggest some of the key features required in any serious programme designed to address the issue.

2. The challenge of levelling-up

Revisiting an established settlement will always pose severe difficulties in the face of opposition from those who may regard themselves as being on the losing side and it would be delusional to assume that some would not see themselves in this light. It is important therefore to be clear about the purpose, viability and the fairness of any new settlement. A process of consultation would inform public views and help clarify Government policy on these three key issues.

It is worth considering the concept of levelling-up in terms of current socio-economic challenges facing the country and the regions: the narrowing of employment opportunities in the regions that often fail to fit the skill sets, interests and monetary ambitions of regional communities compared to London and the South East; the consequent exodus of talent from the regions leaving behind increasingly vulnerable communities; and the stagnant regional economies that require regular, and often resented support, from the national exchequer.

As UK manufacturing halved in the late twentieth and early twenty first centuries (GVA) the UK's strong economic performance relative to other European countries lay with the financial services industry located mainly in London and the South East (Gudgin & Coutts 2015[1]). In terms of the current distribution of national prosperity, a recent House of Commons briefing paper[2] presents the GDP per head for the devolved administrations and English regions. The astonishing fact emerges that London's value is £54,700; the South East £34,100; and the remainder are all below the national average, mainly in the range £30,100 to £25,900 with the exception of the North East £23,600 & Wales £23,900. It is a crude but interesting comparison.

These factors suggest the potential benefits of rebalancing in favour of regional economies. Options include business development from within the regions, appropriate national relocations and some reshoring of production to improve resilience against external shocks and reduce the carbon footprint of freight transport. This requires innovation in product design and production methods affording consumer value and productivity improvements to compensate for the UK's relatively high cost economy.

Apart from the extremely wealthy, London too presents immense problems for many of its inhabitants. The housing crisis is borne of a concentration of employment driving intense demand for accommodation compounded by the shortage of viable sites, a restrictive spatial planning system and political inertia. It is also worth considering the cost of continuing to develop the already congested and expensive London infrastructure.

The City, media presence, plethora of major cultural venues, senior law courts, a host of vastly resourced academic institutions, Whitehall and Parliament together constitute a vast centralised and powerful lobby for the status quo. Demands for improvements in quality of life for ordinary people find their way into the margins of political agendas but the real answer requires a full scale rebalancing of economic and social realities within the country.

In his thought-provoking paper 'Brexit and the British growth model'[3] Christopher Bickerton traces the breakdown of the British socio-economic compact and asserts the need for a new social settlement in Britain. The current Government could be seen to adopt a similar view.

The March 2021 budget makes reference to levelling-up when it itemises infrastructure spending of £650bn up to 2024-5 for roads, railways, communications, schools, hospitals and power networks across the UK. Other recent announcements instance existing grant schemes and may ultimately extend them. A close-ended capital expenditure commitment could suit Treasury spending controls but a clear diagnosis and well-articulated recovery path is surely needed before scarce resources are deployed in a rush to limit the analysis and identify the feasible.

Levelling-up may be a long term project but this does not mean that the manner of its creation is unimportant, quite the opposite.

3. Innovation, productivity and growth

Innovation and growth theory has a history stretching back for more than 70 years but its research and impact on public policy has not been a dominant feature across the world as could have been expected in a period of technological change, financial crisis and the more recent drive for renewable energy and a reduced carbon footprint. As major new businesses have emerged in the USA over the past two decades, particularly in the digital technology and bio-engineering sectors, Europe has seen a less revolutionary experience with Germany successfully doubling down on engineering while the UK, having produced a multitude of innovative start-ups, has seen them quickly sold off, often to companies in the USA. In effect, the USA's pro-business culture has been the stand-out innovative winner with hardly a shot being fired by its business rivals.

It could be said that there is a need for some consolidation of theory and greater rationality of thinking by governments when developing their business promotion agendas. Instead, considering the UK specifically, the Government's business agenda has tended to cover all bases but none of them particularly well or structured in a manner designed to learn from experience.

In her thesis[4] for the Adam Smith Business School of Glasgow University Nasira Bradley reviews the literature and starts to subject innovation and growth theory to rigorous statistical analysis. This raises the prospect of a more consolidated theory of business development and productivity and offers a potentially pivotal contribution to UK Government business development policy in the context of the levelling-up commitment and the UK's post-Covid economic recovery.

General drivers of innovation Bradley tests the various theoretical drivers of innovation for efficacy against business turnover applying multiple regression analysis and using the EU Community Innovation Survey (based on the OECD Oslo Manual definitions[5]). This leads to some interesting distinctions between primary and secondary drivers and firms of various sizes, maturity and ownership. Primary drivers related to firm size are identified: (i) small firms gain from skilled human capital and university contact; (ii) medium sized firms gain from the factors in (i) and contact with government research establishments (see comments on Germany below); and (iii) larger firms gain from the factors in (i), from public funding and co-development with suppliers. Skilled labour and university contact prove effective drivers throughout these various business segments. It could be said that they provide the basics of modern business development. R&D investment is identified as a secondary driver.

Technology Gudgin & Coutts 2015 state plainly that R&D spending is essential to the development of science-based sectors including pharmaceuticals, aerospace and electronics and observe that the UK has the OECD's only recorded long-term decline in business R&D as a percentage of GDP.

Jones[6] points to the critical role that government-led innovation investment has had on the development of major technology-based industries in the UK, USA and elsewhere. Mazzacuto[7] reflects on the huge impact of US Government entrepreneurship, particularly the DARPA Programme, in supporting research that brings together multi-agency personnel to research and develop innovative applications that would probably prove discouraging to the more risk averse venture capital market. She notes the tepid approach evidenced by UK Government in this field and advocates a more adventurous spirit if the UK is to gain a footing in new areas offering the prospect of commercial dominance. The recent Government Bill[8] to 'create a high risk, high reward research agency' (ARIA) is intended to 'push boundaries in search of new discoveries' and could be seen as response to this challenge.

Christensen[9] lays emphasis on the insights that founders bring to young innovative businesses, often using existing technologies that the firm rapidly develops once the market provides good use for the innovative offering. This could explain Bradley's finding that R&D is a secondary driver of innovation, placing the entrepreneur as the instigator with R&D investment improving the potential of innovative commercial applications.

Perhaps Christensen offers the more common case whereas innovation based on advanced science should be seen as a special case that applies in some fields on some occasions. Electronics and digital technology are certainly represented in both approaches.

A recent Policy Exchange paper[10] reflects on the Government's intention to bring forward the ARIAL programme. The paper offers a contribution by David Willetts that ends: 'Britain's problem is that we need to do better at turning science into innovation … to do that we need to be clear about what exactly is the problem we are trying to solve. And I think that is the challenge of promoting the development and application of key technologies.' This could be seen as a call to establish earlier relationships between relevant industries and Government/university scientists engaged in the development of key technologies. Perhaps this should also be viewed in reverse, whereby greater efforts should be made to identify early stage industrial innovations and expose them to relevant emerging technologies.

Research institutes Bradley's review of the literature on German industry suggests that government research institutes provide knowledge transfer and research benefits to medium sized firms that they could not otherwise afford and that public funding often appears to bridge the gap between the cost of borrowing and the internal rate of return required for viable investment. Industry-wide linkages aid the diffusion of knowledge within Germany.

Agtmael and Bakker's review of innovation[11] in the US and EU also suggests that a great strength of the German (*Fraunhofer*) technology institute system is the way in which it brings together academics and businesses working side by side on a variety of projects. This close working offers opportunities for shared learning and interdisciplinary collaboration that does not trespass on commercial advantage, indeed it may lead to new commercial partnerships.

Independent firms Christensen is a strong advocate of independent firms that are small enough to bring an appropriate cost and culture to the development of new products for an emerging marketplace. Mayer[12] supports this claiming that 'the decline of the UK as a major economic power in the 20^{th}century (compared to) the rise of Germany, Japan and the USA (was) associated with the persistence of family block holdings'.

Bradley's work confirms that independence is a major factor in the growth of innovative firms, the longer they remain independent the more innovative they become and the more they grow. Independent here means that the firm remains largely in the hands of its initial owners with external parties holding no more than a 25% stake. The early sale of independent innovative firms is, therefore, detrimental to their transformation into major modern enterprises. Interestingly, Bradley finds that independent innovative firms benefit from lower rates of corporation tax although the tax does not seem to inhibit the growth of other firms.

Despite the growth benefits of independence, Bradley notes how few UK independent firms have grown into major corporations, having sold out at an early stage of development. This reflects poorly on UK practice where early sale is commonplace.

Larger firms – productivity and regulation Bradley asserts that larger firms have higher productivity than smaller firms, possibly because of the sectors they work in or possibly because of their higher revenues relative to overheads. EU SMEs account for 70% of the workforce but only 60% of production (ECB Bulletin 2013[13]). A recent IMF paper on rising corporate market power[14] offers a caution on this finding suggesting that mergers and acquisitions by dominant firms ultimately contribute to declining business dynamism and economic growth.

The IMF paper concedes that larger firms tend to be more productive initially but as they become hard to compete with, for example, because they entrench their market positions by acquiring other firms, they 'could become less innovative over time and also discourage their (current and potential) competitors from innovating too'. The IMF, therefore, urges Governments to enforce both merger controls and prohibitions on the abuse of dominant positions. Data portability and interoperability of systems is also becoming important for similar reasons.

Venture capital Bradley finds that both innovative and non-innovate firms benefit from venture capital although this is apparently not the case with independent firms. Agtmael and Bakker make a potentially telling point that smaller developing firms find that venture capital providers are too risk averse to support this cohort leaving the field to the vagaries of crowd funding, successful entrepreneurs turned business 'angels' or public authorities who have the vision to establish business hubs to promote emerging businesses. The recent closure of many high street banks and, even before that, the gradual elimination of locally made bank lending decisions, has greatly reduced the UK banking system’s exposure to SMEs thereby creating funding problems for small independent firms. Bradley agrees with Agtmael and Bakker that venture capitalists may not be comfortable with independent firms, effectively denying them of the means to grow, although UK entrepreneurs may simply prefer to sell rather than develop.

UK Policy development Recent academic work presents a clear and urgent need for Government to construct an evidence-based picture of business development in the UK, identifying policies that both help revitalise the business sector and secure the levelling-up agenda. This review would extend across the whole of government, producing a coherent plan that employs initiatives that are effective, specific and affordable rather than broad and unsustainable over the necessary time-scale. The review would include consideration of relationships between innovation and pure research; the seeming lack of fit between investment capital providers and emerging independent innovative firms; the supportive relationships existing between emerging innovative firms, the wider business community and universities; and the cultural characteristics of innovative businesses in the UK.

4. The need for a British growth model

Bradley identifies themes that can be incorporated in British business development policy as exemplified in the next section but her remarks on specific German experience reflect cultural aspects of innovative practice that may be difficult to replicate precisely in the UK.

The German Fraunhofer Institute system that may be regarded as a difficult fit with the UK’s university sector. Nevertheless, the combination of the London Bioscience Innovation Centre sponsored by the London Development Agency and the Francis Crick Institute sponsored, amongst others, by the Medical Research Council offers a British example. So do the seven High Vale Manufacturing Centres (HVMC) offering various specialisms and located in the regions that bring together academic and industry specialists working with businesses seeking to innovate products and processes. UK trade groups, also meet to explore new industrial techniques and emerging problems.

The issues are, therefore, of relevance and ease of engagement (whether, say, with an appropriate university department or HVMC), particularly for the time-poor SME. Is there clarity about what is needed, are potential beneficiaries aware of what is already available, are the right facilities available in the right place, as the system actively inclusive? A report by the ERA Foundation[15] suggests that a review of local industry strategies could give answers to some of these questions. The UK has clearly started at the wrong end of the spectrum, we accept the scale of the tasks required to move into a more satisfactory position?

The German commitment to vocational training presents another point of variance. Agtmael and Bakker reflect on the respect for vocational development in the German manufacturing tradition, including training for postgraduate entrants to industrial environments. College and firm work together to ensure that employees receive appropriate skill training up to a very high level throughout their careers on a part time or full time basis.

The white paper Skills for Jobs[16] represents a commitment to improve the quality and status of vocational training in the UK. It reads as though the focus is more on training and qualifications than forging a collaboration between employer, college and employee to achieve relevance to the workplace. Can practical skills be properly acquired without emersion in the workplace environment? European working culture tends to value stability of employment and the poaching of employees is discouraged. The white paper offers transferability of employment during training as a key selling point.

The research suggests significance in the readiness of UK business founders to relinquish ownership of their businesses compared to the prevalence of longer term family ownership in Germany. The mutual support between firms within business sectors, albeit not necessarily direct competitors, is another key difference between the two systems. The latter is clearly more feasible in a stable ownership system where trust can be developed over time. Should these differences be accepted or does the UK Government have a role in at least questioning cultural practices and facilitate further consideration of business community behaviour?

The funding of emerging firms presents a challenge. In part, the German institute system helps mitigate the need for development capital. The research suggests that the availability of development capital can present a significant hurdle for emerging British firms. The UK Government has recently established the British Business Bank[17]. This is less a bank and more a portal for various private sector business advisors and venture capital providers working within

Government guidelines. A bank should learn about its clients and develop its offering accordingly but Government will lack the necessary feedback. Both Government and client will be limited by how intermediaries choose to execute their roles. This is not a development bank as one might expect, it could be seen simply as a means of disengagement by Government.

The UK's annual university R&D Research and Innovation Programme and defence R&D investment amount to almost £10bn. This dwarfs the current intentions for the ARIA programme of £220m a year. How does the UK shape these larger R&D budgets so that, working in conjunction with the R&D resources of the private sector, it may make the greatest impact on business innovation, productivity and growth? Perhaps there should be a twin track approach, part Government-identified research programme developed in close collaboration from the start with UK businesses and part a willingness to invest behind a business or business sector that is already making demonstrable progress with some form of innovation. Whatever the chosen approaches, the firm must be front and centre not the late-comer for whom the menu choices have been pre-selected.

Every country has its unique culture and institutions necessitating a unique development path. A simple switch from one culture to another is rarely possible and few systems are ideal in themselves. The UK must learn from others but ultimately it must find its own way of using innovation drivers to achieve growth and prosperity. This must be a collaborative process involving business, the public sector and academia, each element being a loose collection of constituent parts with diverse objectives. The Government's recent white paper Build Back Better: our plan for growth[18] is the traditional shopping list, subsequent discussion needs to identify the effective means by which aspiration becomes reality.

The underlying assumption of what follows in this paper is that the necessary approach to levelling-up should be a process of regionally-based business development supported by a raft of Government measures. The consequent economic growth will then support self-sustaining communities that do not require disproportionate amounts of state aid to provide the trappings of physical regeneration that belie the reality of lived experience.

Some serious modifications to UK practices are long overdue and many of them rest in Government hands. Producing the right set of measures across so many fields with so many stakeholders will be no easy matter but there can be little doubt that Government must acknowledge its pivotal responsibilities. Should the Government fail to provide the necessary vision and leadership then there will still be individual successes but the economy will seriously underperform and the project will fail.

5. Elements of reform

The proposition set out above suggests that the most effective way for the Government to approach its commitment to level up the regions would be for it to adopt a programme of long-term public service interventions designed to stimulate regional economic development. It would be formulated with a consistent focus on business innovation leading to productivity improvements and growth. By careful and well informed programme design it is possible that the solution may rest more on insight and long-termism than huge public investment.

Some examples are outlined below.

Personal development

One of the critical lessons from Bradley's study is that skilled human capital is one of only two drivers of innovation that are effective across all businesses. The development of skilled human capital starts in many cases with the final two years of schooling followed by a university or technical college education (see below). It is imperative however that the process does not end there. There may well be the option of in-service training. There may be project work assigned to achieve both business outcomes and personal development. There may be formal mentoring by an experienced colleague and there will always be managerial oversight to assign, guide, assess and support.

This process is clearly best suited to continued employment over a lengthy period. Both employee and employer value the learning process that delivers the capacity to recognise opportunities to innovate, leading to improved productivity and growth. Such intuitive leaps are a combination of innate ability and the history of personal development for which the individual and the firm are equally responsible.

Higher and further education

Universities are also a driver of innovation that prove effective across all businesses. They provide knowledgeable graduates equipped with key skills, in-service training, joint ventures, spin-offs, guidance relevant to new fields of work and research to extend chosen development pathways. University start-ups, spin-offs and ownership of IP can all facilitate business development. HVMCs need a revolving door to academic expertise and perhaps more universities and firms need to be actively engaged within this new system. There are a whole series of relationships here that should be reviewed and probably improved.

Technical colleges can provide learning partnerships to impart essential skill training to a very high level. If the UK is to revive its industrial base to any significant extent then this education sector must be revisited, training must be more extensive, links with firms much closer and steps must be taken to develop a more collegiate approach between firms in industries with similar training requirements.

The whole of higher and further education must place a keen focus on business growth and regional development. Universities must see themselves as key facilitators of regional development and not necessarily the region in which they are situated although that is a good starting point. Funding should follow both relevance and results.

Networking

To-date there has been a tendency to establish business parks and industrial estates to help with infrastructure planning and cost-effective roll-out. Without discounting the development of business parks it is clearly important to focus more specifically on the siting of businesses in similar industries around centres of research and expertise to facilitate technology development and transfer. Locating similar emerging businesses in dedicated business hubs could be relevant. Research suggests that benefits could accrue from encouraging collaboration between larger firms and their suppliers.

Benefits could also be derived from experimenting with the development of standing conferences of multidisciplinary sector-specific commercial, HVMC and university sector expertise to exchange knowledge and prepare for future business ventures.

A general theme in the section is that in all respects networking between commercial interests and universities must improve significantly if the UK is to recover ground lost in all commercial areas of science and technology and manufacturing of all kinds on which regional recovery most clearly depends. Government clearly has a major role to play in facilitating this transformation.

Ownership and capital culture

If being an independent firm and remaining independent for as long as possible is the key driver of innovative capacity then it is important that firms should be encouraged and enabled to remain independent.

A dual share system allowing initial owners to retain a degree of control while enabling a wider pool of investors to reap financial benefits should find a champion in Government. A properly constituted regional development bank could be granted powers to offer loans, equity investment, loan guarantees or interest support depending on the nature and size of company and proposed investment. The creation of technology hubs or institutes could help support emerging businesses and reduce their dependance on development capital.

Improved protection from foreign and hostile acquisitions and from the more subtle abuses of dominant market positions are important. Regrettably the necessary provisions contained in the National Security and Investment Bill seem to have been lobbied into retreat.

New thinking on issues in this section should be informed by a review of the cultural and institutional factors affecting the behaviour of independent firms.

Taxation

Tax incentives for regional investment can be facilitated by freeports and enterprise zones which should be configured in widely defined areas to facilitate the requirements of individual firms. Such zones should provide extra exemptions from corporation tax for a range of expenses, offer shorter capital write-off periods, NI exemptions, reduced corporation tax rates and extended tax payment regimes. The effects of such measures would be monitored and shaped according to effectiveness

In return for special tax benefits or capital support (as referred to above) the Government may wish to take a shareholding or a golden share preventing sale and relocation without permission. There is a view that such protection dissuades investment nevertheless it would seem a justifiable option in return for state support and commercial advantages.

Infrastructure

Infrastructure is often discussed in terms of gigantic road, rail, power supply and infrastructure programmes but if the task is to increase business activity in the regions then the specific needs of attracting and retaining business may well involve a mix of infrastructure components that may look very different depending on the businesses involved.

The impact of Covid-19 on long-term work habits is not yet clear but changes could be quite radical. The infrastructure demands of existing regional businesses and households and the consequences of changes much further afield must be assessed: changed traffic flows could ease road and rail congestion; greater homeworking could change the locations and timing of power supply requirements and internet bandwidth demands could be affected in many different ways. The impact of changed conditions and possible additional demands of new businesses require consideration across the utilities. More joined up and agile operational responses must be developed to accommodate the possibility of changing requirements.

A similarly responsive approach is also required from public and private sector providers of the social infrastructure consequent on regional economic development.

Government as client

It is essential that UK Government bases its own technology and manufacturing needs on UK businesses wherever possible in order to develop a stable nucleus of demand for viable, innovative products.

The Government should ensure that all departments appreciate the responsibility they bear for developing and managing its British-first policy as a facet of UK business development. Government departments must be required to ensure familiarity with British suppliers, provide them with a good understanding of relevant operational circumstances and review current offerings with them identifying problematic and beneficial aspects.

All suppliers who offer evidence of good competence should have a reasonable expectation of winning bids at some level that will enable them to gain a better understanding of the Government client and provide the client with the opportunity of making an operational assessment of the supplier's potential. Tendering processes should not contain expectations of supplier-side drafting that could only reasonably be expected from a seasoned supplier. In part, Government contracting should be seen as contributing to business development where the contractor appears capable of reaching the necessary standard.

The Government procurement policy must embrace start-ups and small companies including those in technical fields. Special effort must be made to reach out to new companies that show real intent, imagination and the capacity to develop. Additionally, Government contracts are not always seen as the most attractive position and failure to connect may constitute a lost opportunity for both parties[19].

Independent supplier surveys should be undertaken to explore tendering and contracting experiences and thorough reviews should be undertaken of the way departments handle suppliers both in the tendering and contracting elements of the relationship. Results of such surveys should be made public.

If it is intended to make Government a more approachable client then it is important to ensure that the rules governing the involvement of civil servants, ministers and advisors are transparent and prevent personal gain. This will not safeguard the system from poor performance by some new entrants to the Government market place. It is unacceptable, however, to minimise that risk simply by shielding client-side actors behind an exclusive club of major names.

Government as entrepreneur

The Government's role as client and facilitator is aligned to numerous innovative fields, such as: healthcare; renewable energy; digital technology and military aircraft [20]. Other fields are moving into new phases of innovation of relevance to the UK including agriculture.

US-style multi-agency, business-linked research and development programmes such as DARPA offer major commercial opportunities and are gaining prominence in the UK. The Government has established a number of business focused research programmes, most recently the ARIAL initiative. It must be accepted that there will be failures but American experience has also demonstrated success. The key shortcomings of such programmes can include being too focused on academic interests and limited in the choice of institutional partners.

Innovation is not, however, wholly or mainly prompted by research programmes. Recognition should be afforded to the many innovative developments that were based on proven technology used in new ways, then subjected to repeated cycles of product development. In normal circumstances the Government's role as entrepreneur should be alert to the R&D

support needs of product development, particularly involving emerging businesses, rather than attempt to dictate the course of business innovation.

Where the Government is the effective client about to embark on a major spending programme that offers product development opportunities or cannot be accommodated by existing UK suppliers then Government must signal its intentions and lay the groundwork for an appropriate UK business response using the various levers discussed.

A recent review by Kundu, James and Rigley[21] suggests a consensus over the importance of public procurement in promoting innovation and technological development. It cautions, however, that public procurement as an innovation policy tool has only been applied in a few countries and a few contexts. Furthermore, the academic literature on the subject rarely addresses questions on impact. This emphasises the need for Government to ensure rigorous evaluation of implementation and continuous development of the methods used.

The remarks made in the previous section about client-side rules of engagement also apply here.

Government as employer

Government should devolve whole departments and major divisions of departments to the regions. This is not just a matter of exiling low skill jobs to the regions but of relocating senior management and ministers to help inform Government of regional circumstances and signify the arrival of national not London government. In the new world most central decision-taking could be undertaken from a regional location. Some steps are in progress, much more is required.

6. Conclusion

Levelling-up the regions is a long overdue vision to provide opportunity for communities that are experiencing the continual loss of talent to London and the South East leaving behind communities that are increasingly less vibrant and self-supporting than they should be. The vision requires tremendous energy and commitment in the face of vested interests that will inevitably resist. If it is to be accomplished then the PM must play a key role in ensuring that the commitment remains intact, the vision is fully developed, the Government’s framework for action is prepared and implementation is relentless.

Recent studies of innovation, productivity and growth offer direction for the levelling-up agenda. They help identify structural and cultural challenges that must be addressed if successful outcomes are to be achieved and form the basis of this paper.

It is suggested that regional location should become a prime requirement for business incentive schemes and business development initiatives. Further consideration of infrastructure requirements may also be appropriate in changing circumstances. A drive towards reshoring some margin of production to the regions should help achieve greater economic resilience in the face of an uncertain world although an innovative, high productivity approach would be required to achieve viability.

Universities should be encouraged to forge ever stronger links with business. Specialisms available in universities and university hospitals must be matched with the vision and know-how of emerging firms and industrial sectors. Industries should be supported by R&D programmes devised and undertaken in collaboration with universities, HVMCs and where appropriate new specialist technological institutes.

This approach should be capable of achieving intensive multidisciplinary working between the academic and commercial worlds. At best, the aim should be to encourage teams working on projects in similar fields to share experiences and expertise, and to collaborate on business ventures where opportunities arise. Where common interests apply, established firms should be encouraged to offer emerging firms partnership working, mentoring and financial support. Technical colleges must reach out to shape the training experience around the needs of local employers and training input must be life-long.

Public sector funders must be alive to the areas of new interest to business rather than squeezing business into a preordained vision of the future. Where new Government requirements drive innovation then UK business must be engaged at the outset and appropriate business development strategies should be put in place to encourage new independent businesses to engage with the opportunities presented. Government should also act with diligence as a client of routine goods and services to promote emerging businesses and those businesses that are simply new to the Government marketplace. Tendering specifications should be designed specifically to include those without practice in government tendering processes even though that may marginally increase risk and make assessment more arduous.

The protections afforded to business ownership must be reviewed together with the funding and taxation of emerging and medium sized businesses. Anticompetitive behaviour of all kinds must be rigorously discouraged.

Government should also emphasise its regional commitment by relocating most of Whitehall to the regions, using digital technology to become a modern networked operation.

The Government must now publish a long-term, wide-ranging and imaginative plan for levelling up the regions through a process of business development, prioritising support for innovative businesses and independent firms with the objective of securing improved productivity and growth. Inevitably the plan will need revising as experience develops but the objective must remain the creation of opportunity for regional communities.

It is time to move from slogan and gesture to a clearly delineated course of action. The current circumstances would have been chosen by no-one but a response of this nature would be very timely.

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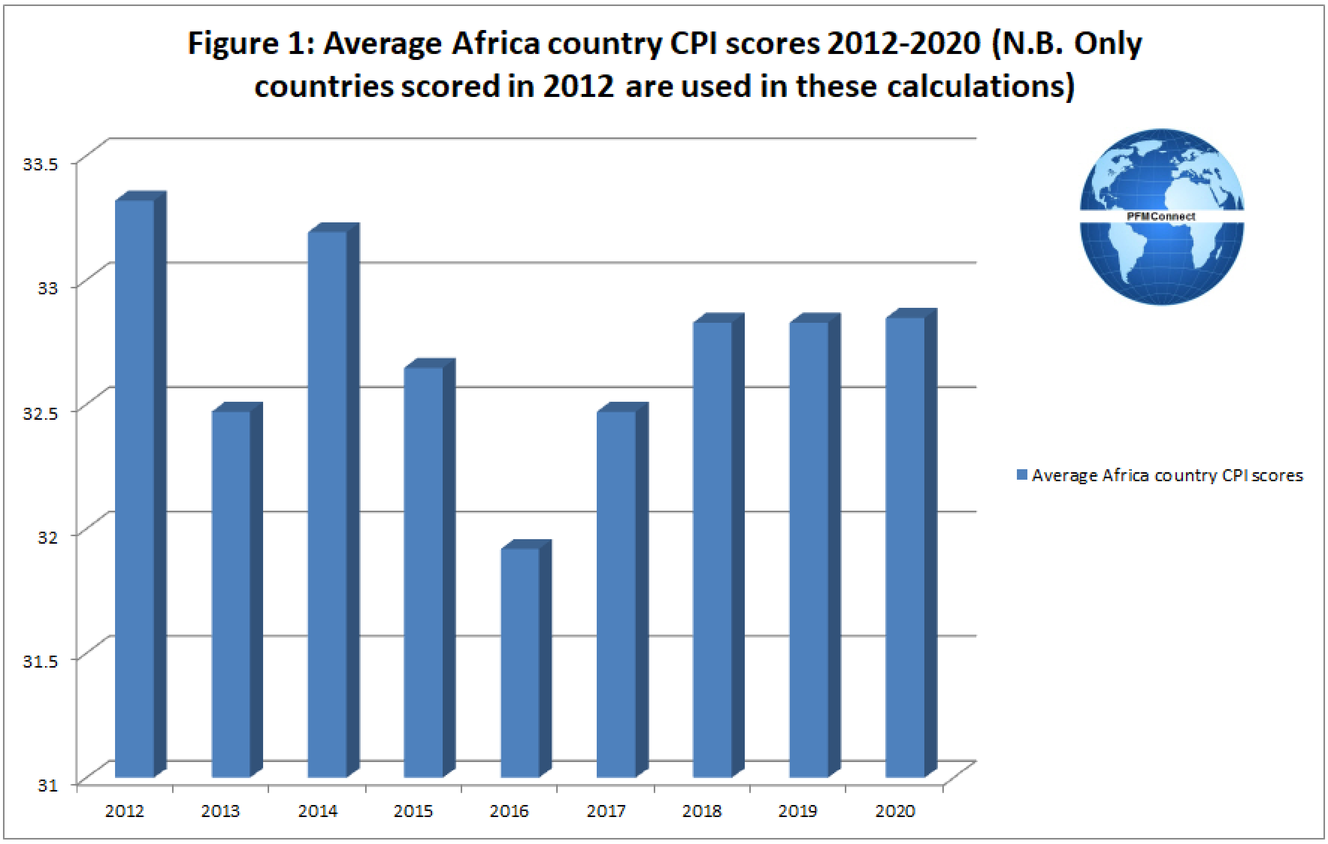
African anti-corruption agencies’ digital platform usage

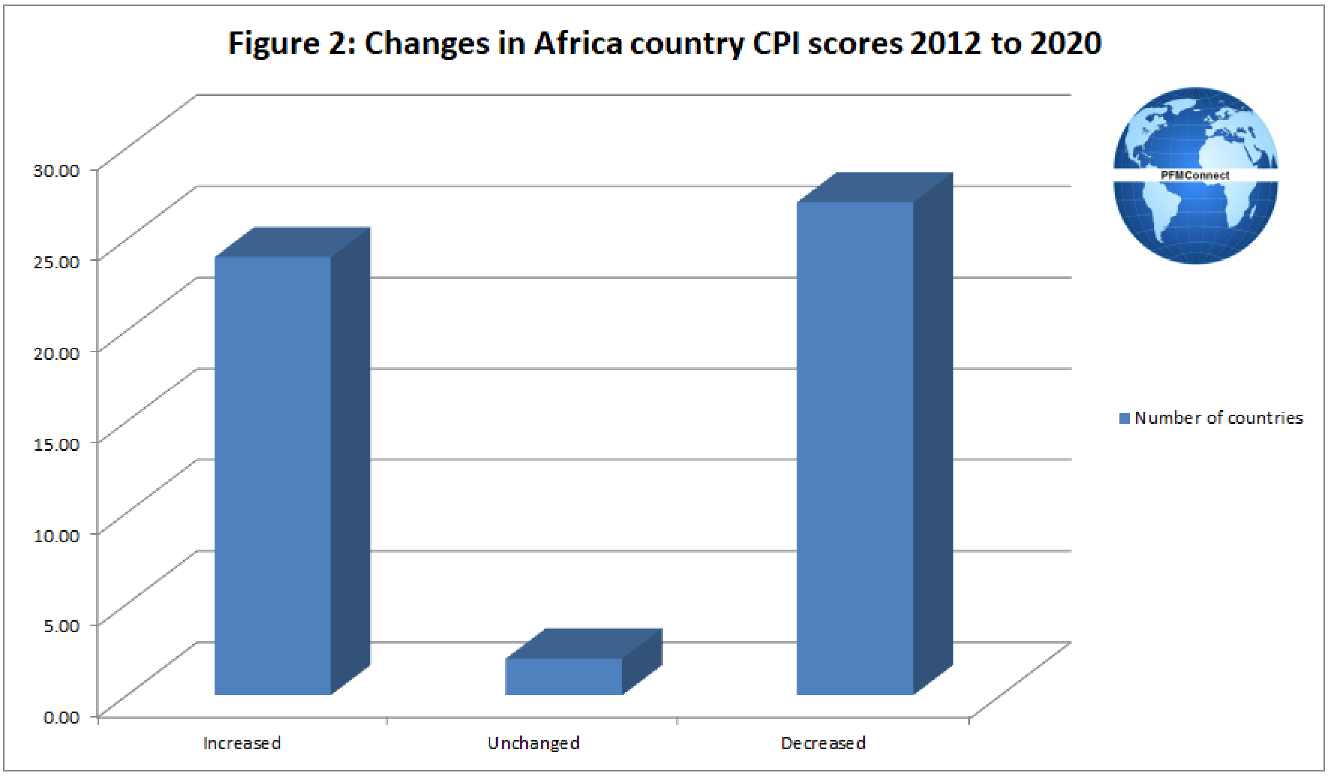
Kenya’s Ethics and Anti-Corruption Commission

Posted by David Fellows and John Leonardo [1]

The release of TI’s 2020 Corruption Perceptions Index (CPI) on 28 January 2021 has focused attention in many countries on current corruption levels. In a recent blog we outlined the possible role social media platforms offer for promoting online public engagement in the war against corruption. We also noted that in Africa there are strong positive correlations between social media user numbers and perceived corruption levels. In this blog we review African anti-corruption agencies (ACAs) digital platform, including social networking sites, usage. Additional regional analyses will be prepared over the next six months.

The 2020 CPI outcomes from an African perspective are disappointing as demonstrated by the trends revealed in Figures 1 and 2.





Websites and the social networking sites, Facebook and Twitter, are the digital platforms most frequently employed by African ACAs. Updates on ACA activities, developments affecting ACA operations and formal reports are featured on ACA digital platforms.

The United Nations Convention Against Corruption includes provisions relating to financial management and public reporting (Articles 9 and 10 – see Appendix). The extent of ACA compliance with these provisions has also been examined in this blog.

1. African ACAs digital platform usage

1.1 Website usage

Details of the use of websites by African ACAs as at mid-January 2021 are presented in Table 1.

Table 1: African ACAs use of websites

ACAs	Number
ACAs with stand-alone websites	27
ACAs with webpages included in government websites	3
ACAs without any web presence The Uganda case	24
Total	54

NB. Nigeria has two recognised ACAs with websites; Uganda has two recognised ACAs but only one has a website with the other using only social media sites. One Nigerian ACA with a website and the Ugandan ACA which only has social media sites are not included in Table 1 or Table 2 below.

Details of the use of websites by African ACAs in countries with relatively higher and lower 2020 CPI scores are presented in Table 2.

Table 2: African ACAs use of websites by 2020 CPI scores

ACAs	Number	Stand-alone websites	Web page on government site	No website
ACAs with higher 2020 CPI scores	27	19	2	6
ACAs with lower 2020 CPI scores	27	9	-	18
Total	54	28	2	24

Data was available for both 2020 CPI scores and 2020 UN E-government scores in 42 countries. There is a strong positive correlation between country 2020 CPI scores and 2020 UN E-government scores for the 23 countries where ACAs have websites (for which data is available); a strong negative correlation was found for the 19 countries without ACA websites.

1.2 Website visit activity

Actual visit numbers to ACA websites in the 2020 December quarter were annualised to provide annual visit estimates which were in turn divided by country internet user numbers to provide an indication of ACA website penetration levels.

The average derived ACA website penetration level for all ACAs was very low at 0.37%. The only favourable scores were recorded by Mauritius (5.9%) and Madagascar (1.9%).

1.3 Social media activity

Social media follower information was analysed for ACAs with Facebook and Twitter pages using data available in mid-January 2021. Details of current Africa ACA social media pages are presented in Table 3. NB The Facebook and Twitter pages of the two Nigerian and Ugandan ACAs are included in the data presented in Tables 3, 4 and 5.

Table 3: African ACA social media pages

ACAs	Facebook pages	Twitter pages
ACAs with stand-alone websites	20	15
ACAs with webpages included in government websites	1	0
ACAs without any website	1	1
Total	22	16

1.3.1 Facebook activity

Less than one half of the ACAs have Facebook pages.

While the average Facebook penetration level for ACAs on a country basis (country ACA Facebook followers divided by total country Facebook subscribers) for the 20 countries was relatively modest at 1.06%, there were some notable exceptions.

Four of the six countries showing penetration levels in excess of the Facebook country ACA average of 1.06% also had follower numbers greater than estimated annual visits to their websites; details are presented in Table 4.

Table 4: African ACAs with significant Facebook penetration levels

ACAs	Estimated annual website visits	Website penetration %	Facebook followers	Facebook follower penetration %
Egypt	404,384	0.82%	630,827	1.49%
Nigeria (2 ACAs)	351,944	0.28%	576,137	2.12%
Seychelles	300	0.42%	850	1.20%
Tunisia	28,920	0.37%	106,104	1.43%

1.3.2 Twitter activity

The number of ACAs with Twitter pages is modest.

The average Twitter penetration level for ACAs on a country basis (country ACA Twitter followers divided by total country Twitter subscribers) for the 14 countries was, however, very high at 23.73%. Twitter country ACA penetration levels exceeded Twitter internet user penetration levels in six countries (Kenya, Niger, Nigeria, Rwanda, Uganda and Zimbabwe).

Two of the countries recording above average country ACA Twitter penetration levels also had Twitter follower numbers that exceeded estimated annual visits to their websites; details are provided in Table 5.

While the majority of visits to the Nigeria and Zimbabwe ACA websites were made by local residents, the local resident proportion of Twitter followers for these ACAs is not known but it is assumed to be significant.

Table 5: ACAs with significant follower numbers

ACAs	Estimated annual website visits	Facebook followers	Twitter followers	Twitter follower penetration %	Twitter internet user penetration %
Nigeria (2 ACAs)	351,944	576,137	1,172,400	59.82%	1.55%
Zimbabwe	260	0.42%	48,500	28.78%	2.01%

2. Reporting activity

The availability of the following categories of key reports on ACA websites or on web pages of national government websites was examined:

- National Anti-Corruption Strategies
- ACA strategic plans
- ACA annual reports

Details of the availability of the above reports on ACA websites are presented in Table 6.

Table 6: Availability of reports on ACA websites

	National anti-corruption strategy	ACA annual report	ACA strategic plan
Available on ACA website	8	14	8
Available on another national non-ACA website	3	0	0
Exists but not available on any website	6	0	0
Being prepared	6	0	0
Not prepared	7	16	22
Total	**30**	**30**	**30**

N.B. One Nigerian ACA with a website and the Ugandan ACA which only has social media sites are not included in Table 6.

Coverage of ACA digital platform activity in the above-mentioned reports, particularly those relating to social media, was also examined.

2.1 Publication of national anti-corruption strategies

Less than one-third of African ACAs with websites have published their respective national anti-corruption strategy on their website.

While the role of the media in national anti-corruption strategies is addressed in the eleven national anti-corruption strategies reviewed when preparing this blog, references to the role of social media are limited. Egypt’s National Anti-Corruption Strategy (2019-2024), Namibia’s National Anti-Corruption Strategy and Action Plan (2016-2019) and Sierra Leone’s National Anti-Corruption Strategy (2019-2023) make mention of social media activity,

The Namibia and Sierra Leone strategies outlined particular roles for social media activities.

Morocco’s ACA published a study in 2019 that assisted its preparation of a supporting communication strategy for its National Anti-Corruption Strategy (2015-2025). This study listed social media as one of the key success factors; viz. “The body must open up on social media and have “an online platform or space”, which it must maintain and control in order to get closer to its target segments and to be responsive”.

2.2 Publication of ACA annual reports

Only 14 of the 30 African ACAs identified in Table 6 have recently published their annual reports (or de facto annual reports) on their websites. Specific reference to the use of social media was made in 8 ACA annual reports.

The Ghana ACA noted in its 2018 annual report the use of social media by the Ghana chapter of Transparency International. The Kenya ACA provided statistics about website hits and social media followers in its 2018 annual report. In its 2017 annual report the Mauritius ACA gave a detailed discussion about its social media activity including its approach for using Facebook.

The executive summary for the Morocco ACA’s 2019 annual report noted that the ACA had to address its social media strategy in the course of developing its overall communication strategy.

Brief references to the use of social media were made in the Namibia (2019), Rwanda (2019), Sierra Leone (2019) and South Africa (2020) ACA annual reports.

2.3 Publication of ACA strategic plans

The modest number of ACA strategic plans that have been prepared recently is very surprising.

Five of the ACA strategic plans include specific references to the use of social media (Kenya, Malawi, Rwanda, Sierra Leone and Togo).

Kenya, Malawi and Rwanda ACAs set out specific strategies and performance indicators for social media in their strategic plans. The Sierra Leone ACA set out specific strategies and progress markers while the Togo ACA set out details of the proposed launch of its website.

2.4 Overview of ACA online reporting activity

Assuming it is appropriate for all ACAs (including both Nigerian and Ugandan ACAs) to publish country anti-corruption strategies and their annual reports and strategic plans on their websites, the number of these documents that may be potentially published stands at 96 documents. Only 30 documents were published on ACA websites. This outcome falls short of the standards envisaged in the United Nations Convention against Corruption.

3. Social media performance and document publication correlations

ACA Facebook and Twitter subscriber penetration levels are weakly related to the number of ACA National Anti-Corruption Strategy, strategic plan and annual report publications placed on ACA websites.

While ACAs with relatively high Facebook and Twitter subscriber penetration levels have not generally been relatively energetic publishers of the above-mentioned reports, their social media posting activity has been sufficiently active to attract significant numbers of followers; this is most evident in the case of Kenya, Nigeria, Rwanda, Uganda and Zimbabwe.

ACA Facebook and Twitter subscriber penetration levels have, with a few exceptions, often substantially exceeded ACA website penetration levels.

4. Conclusion

The survey demonstrates a very limited level of publication on ACA websites of ACA reports in the three key categories identified in section 2.

It could add credibility to ACA professionalism and integrity to publish these reports even if some of the more sensitive detail concerning methodology and programming was omitted.

While ACA websites offer potential public engagement opportunities, social media activity has the potential for even higher engagement levels. It should be borne in mind that social media use in Africa, while a relatively recent phenomenon, is rapidly becoming extremely popular. The analysis demonstrates that while overall ACA use of social media is relatively limited, some ACAs have made considerable progress, particularly with the use of Twitter.

Those ACAs with websites but who currently do not have Facebook or Twitter pages should certainly consider these social networking sites as a means to gaining public confidence in anti-corruption activities and their cooperation in combatting anti-corruption investigations.

Appendix: United Nations Convention Against Corruption

Financial management and public reporting provisions

Article 9

Public procurement and management of public finances

2. Each State Party shall, in accordance with the fundamental principles of its legal system, take appropriate measures to promote transparency and accountability in the management of public finances. Such measures shall encompass, inter alia:

(a) Procedures for the adoption of the national budget;

(b) Timely reporting on revenue and expenditure;

(c) A system of accounting and auditing standards and related oversight;

(d) Effective and efficient systems of risk management and internal control; and

(e) Where appropriate, corrective action in the case of failure to comply with the requirements established in this paragraph.

Article 10

Public reporting

Taking into account the need to combat corruption, each State Party shall, in accordance with the fundamental principles of its domestic law, take such measures as may be necessary to enhance transparency in its public administration, including with regard to its organization, functioning and decision-making processes, where appropriate. Such measures may include, inter alia:

(a) Adopting procedures or regulations allowing members of the general public to obtain, where appropriate, information on the organization, functioning and decision-making processes of its public administration and, with due regard for the protection of privacy and personal data, on decisions and legal acts that concern members of the public;

(b) Simplifying administrative procedures, where appropriate, in order to facilitate public access to the competent decision-making authorities; and

(c) Publishing information, which may include periodic reports on the risks of corruption in its public administration.

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