Rebalancing Britain – shaping the future

by David Fellows (1)

Governments like to deal with issues one at a time. It makes the narrative easier to handle. The problem for the current Government is that it faces a landscape of interconnected challenges. As a result, the big picture is getting lost.

The opposition, political and media, are playing a fairly simple game. They cry 'chaos' at practically every decision made by Government. In practice people seem to understand the difficulties of holding an unbending line when faced with a non-compliant world. The background noise, however, tends to create distractions from the big picture.

The three key challenges

I refer to the need for Government to focus on three critical challenges: Brexit, the economic and social effects of C-19,

and their 'levelling-up' commitment. They are immense, complex, interrelated and unavoidable. The consequent fiscal implications and overseas trade negotiations add to the burden of this core subject matter. Knee jerk reactions by Government seeking to restore the status quo in London supply worrying evidence of the big picture getting lost.

C-19 has accelerated the extent of online home working that has been taking root over the past decade, relieving many administrative staff from the daily commuter grind. For many this is an irreversible process benefiting employer and employee. Office space is, therefore, becoming less necessary together with commuter transport and other office-related services. In addition, the trend to online shopping is being reinforced reducing demand for local transport. It seems inevitable that redundant shops and offices will be replaced by apartments. The absence of tourism compounds the reduction in city centre footfall. There is greater general acceptance of change than the government seems to appreciate.

EU nations will stick together to save themselves (the Euro, the carnage to the Mediterranean economies, the perilous position of German manufacturing). Despite a trade deal being in their best interests it has become clear that they have little scope for division over Brexit. Doing a deal in name only was tried and failed miserably. Apart from side matters of common interest, such as air traffic and security, it must be assumed that nothing else is available. Put it to the test. End the negotiations now, claim bad faith, refuse to pay, give businesses and the public extra time to ready themselves. Government may now be preparing to do this.

To-date 'levelling –up every part of the UK', as referred to in the Conservative manifesto 2019, has been little more than

a slogan attached to haphazard regional spending. The manifesto acknowledges that the regions feel abandoned. I suggest that this is now more important than short-term GDP considerations and that yesterday's substantial gainers must make way to some extent.

Levelling-up should form the central plank of these three issues. Economic activity must be more widely distributed. Brexit offers greater freedom to act. The impetus in online working resulting from C-19 has made us more flexible in geography and life style. Why not give a clear commitment to stimulate the UK economy in the regions by: reshoring production; incentivising investment and HQ co-location; regionalising government departments; creating a regional development bank; encouraging regional remote working. Government departments must be harassed into buying British with a substantial proportion of orders going to SMEs, including start-ups. Such policies should be directed at high value manufactures, administration, consultancy and food. Business must be fully engaged.

This agenda must be supported by reform of the spatial planning system and dysfunctional house building sector. It would be too easy to assume the status quo and attempt to build more housing in London to satisfy demand that would, in practice, compound the skewed nature of opportunity within the country and heighten the problems of life within the capital, particularly for the less wealthy. Policy must be consistent.

Future domestic issues

Of course there are other related issues requiring attention:

NHS management and the reform of social care; the allocation of responsibilities within the state schooling system given the decreasing role of local education authorities and the inadequacy of further education with respect to vocational development; the modernisation of the Civil Service and Cabinet Government; and devolution within the UK. All of these issues and more are important to the nation's development but they are subservient to the preparation of an initial response to the three critical challenges.

Time to explain the plan

It is time for the Government to present that response at a credible level of detail. The PM must explain his intentions and his reasoning convincingly both to the people as a whole and to his parliamentary colleagues. It must be a bold yet feasible plan. This is a time for public engagement, for shaping the future.

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Small Island Developing States, COVID-19 and Digital Technology
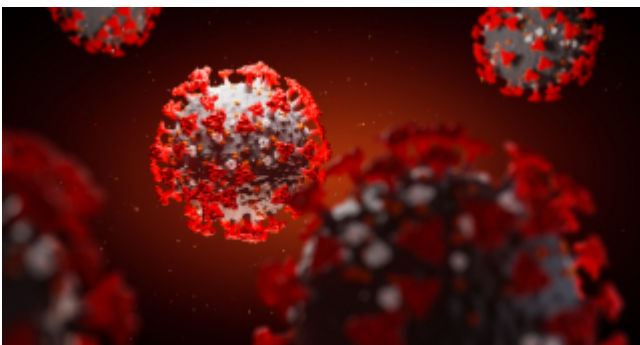
Posted by David Fellows[1] and John Leonardo[2]

The impact of COVID-19

COVID-19 has changed behaviour throughout the world and social distancing has been the key driver. Workers in factories, shops and offices have been protected by creating greater space between workstations, erecting protective screens and using protective clothing. Distancing requirements have been introduced in bars, cafes, restaurants, hotels, markets and shopping centres. All economies have suffered, especially the hospitality industry, air travel and public transport. Unemployment has soared. Schools and higher education colleges have closed. Many countries are turning to the IMF for support.

The internet has proved a beneficial facilitator of economic activity, allowing most administrative work and the ordering of goods and services to be undertaken at home. Video conferencing has facilitated meetings with colleagues, business partners and clients, and helped maintain contact with friends. Online learning has featured in reopening plans for higher education and some schools. In this new world digital technology has achieved an elevated significance beyond its already pervasive presence in the pre-COVID era. In some ways it has already established a new normal.

This brief piece focuses on small island developing states (SIDS) but even here the challenges are not identical. Some countries depend heavily on a now-dormant tourist industry and shoulder severe difficulties. These include poverty, remoteness, disbursed communities and the need to combat the threat of natural disasters. The virus demands a minimisation of personal contact for which the absence of good quality, low cost digital communication leaves many states poorly prepared. The [UN E-Government Survey 2020](#) notes that of the SIDS only Singapore and Bahrain have high overall scores; almost half scored less than 50% of Singapore's score for infrastructure.

Communication infrastructure

Good quality digital communication requires fibre-optic broadband cabling to support business use and homeworking with adequate resilience, even including 4G and Wi-Fi. 5G is costly and has [potential shortcomings](#) at present. This option requires specialist advice.

Understanding behaviour is important to government strategy.

Contributing factors include levels of public education, affluence, user tariffs and local cost factors. Lobbying based on knowledge of the operational intentions of the [marine cable-laying industry](#) could be important.

Regional collaboration could provide impetus to network improvement strategies, regulatory frameworks and licensing agreements.

Technology applications

The digital service revolution discussed above and already taking place across the world, accelerated by the onset of COVID-19, is inescapably relevant to SIDS. There are many specific business [applications of relevance to SIDS](#), including: health advice (including C-19) and personal consultations; agricultural monitoring and market information on crops and livestock; and weather monitoring for fishing, agriculture and general safety considerations. Additionally, expatriate monetary transfers are being undertaken increasingly using digital systems. The creation of digital services relevant to developing countries gathers pace [and must be encouraged](#).

Video conferencing, email and document handling systems provide an essential communication layer that is particularly useful to achieve social distancing.

Apart from their use of major business applications governments can make use of social media for public messaging, for instance, demonstrating transparency and engaging citizens the struggle against corruption when resources are so scarce.

Technology skills

Digital communication infrastructure must be complemented by a capacity for: upgrading, expansion and rerouting of infrastructure; installing application software; implementing major software packages; and even the development of service applications. This requires learning at various levels gained from school, college, in-service courses and practical experience.

An understanding of the technology is also required to educate potential adopters about the possibilities that digital communication offers them. This includes the general public, small businesses, the public sector and larger private sector organisations.

Digital technology [skill development is essential to help SIDS](#) adjust to the current situation.

Towards cost-effective solutions

COVID-19 is forcing change to the way people live throughout the world and economies are in crisis. Digital communication offers the capacity for helping maintain business continuity. Most SIDS would benefit from a higher standard of affordable digital communication supporting improved digital service delivery.

Digital technology must be designed to the needs and circumstances of individual states. Nevertheless, there could be much to gain from cost-effective collaboration between SIDS

for the purposes of sharing and developing:

(i) an understanding of the economic and social impact of COVID-19 and ways of mitigating these effects through digital communications;

(ii) market-shaping policies and practices for increasing the availability of digital communication at an affordable price;

(iii) strategies and programs to support the provision of expertise in digital technology and its use by business, public services and the general public; and

(iv) knowledge of relevant progress made on these issues throughout the world.

Such an initiative, whether on a global or regional basis, could include SIDS, development agencies, the digital service industry, other private sector partners and potentially the Commonwealth Small States Centre of Excellence. Is this a step too far?

This blog was published by the International Monetary Fund's Public Financial Management Blog on 18 August 2020 at https://blog-pfm.imf.org/pfmblog/2020/08/-small-island-developing-states-covid-19-and-digital-technology-.html.

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Towards A New Normal

by David Fellows[1]

Things are not going back to normal. Things were changing

anyway and they have now been given a good push. There has also been an enormous economic and fiscal shock arising from C-19 that adds a terrible seriousness to the situation. We must now look towards a new normal not try to reinvent the past. So how should Government help shape that future?

The inevitability of change

Digital communication has changed the options quite radically but old practices die hard. Even so, working at home had gradually become widespread at least for several days a week. The move to home-office has accelerated with C-19 but the advantages of this change will remain, including cost savings for businesses and households and an improved quality of life for the family.

C-19 has now put retail banking staff at home able to access secure information to deal directly with customers. Video conferencing also offers face to face meetings with colleagues and business partners with added opportunities for fitting in the odd Pilates session on Zoom. Some firms have already banned long journeys as a normal practice going forward, saving time and expense.

When social distancing is no longer necessary the demand for office space could diminish. Inevitably the hospitality industry in city centres will contract with fewer office workers. Long distance passenger travel operators could take quite a blow from a reduction in business travel and less commuting could hit urban transport operators. Travel infrastructure strategy will need revisiting.

Online shopping was already hitting the high street and out of town shopping malls. It is time to repurpose retail space into homes and improve the quality of local cafes and restaurants to secure potential new custom.

There will be a tendency for families to drift away from central areas, possibly far away, leaving those that remain with lower cost housing, more choice and a better life.

New attitudes

Complex international supply chains are now seen as risk-prone and dangerous to national security in times of crisis. There is a growing concern about China's role as de facto supplier of cheap garments and technology as a consequence of the state's behaviour towards its own people and its predatory intentions towards other nations. The EU seems likely to prove aggressive if the UK does not accede to demands that would equate to Brexit in name only, a position repeatedly rejected by Parliament and decisively voted against at the last general election. For the present, a greater degree of national self-sufficiency seems to offer some safeguards in a diversely problematic situation and it would help answer growing concerns about the scale of the balance of payments deficit in such uncertain times.

Apart from these considerations, people are asking why more things cannot be produced in the UK. They can appreciate that prices may increase but they are concerned about an economy becoming too specialised in City and hospitality trades. They see a sizable population with diverse talents and inclinations but a narrowing range of employment options for the next

generation. It is often said that the pandemic has made people more concerned for others, so what are our plans for improved inclusivity? In past decades when youth unemployment spiked, the answer came in the form of youth training schemes that, in practice, offered limited training and little opportunity. The tokenism of this approach was not lost on the youths in question and must not be repeated.

We are global traders. The UK is the largest net exporter of world class financial services. A reverse flow of goods must be embraced and allows for global trade efficiencies. We need this system. I suggest, however, that for social, economic and security reasons the imbalance in traded goods has gone too far. It has become an issue of serious neglect.

Opportunities for goods and services

There are potential avenues that could help ensure the diversification of employment and repatriation of some trade in goods lost overseas. For instance, manufacturing offers a range of distinctly different skill requirements from those found amongst the service industries. The sector has suffered serious decline but the UK still has many manufacturing sites throughout the country some of them operating at highly advanced levels; there are still major engineering departments in UK universities and skill training in local colleges; the green agenda leads to a whole series of new industries; computer aided design expertise offers support for improvements in the efficiency of manufacturing processes to offset the potentially higher costs of repatriated production. Similar arguments could be made for the relevance and development of domestic agriculture.

Even in the services field there are new opportunities. Digital technology appeals to large numbers of the younger generation and start-ups abound. The deficiency here is in the availability of experiential and financial support to help them to move to the next level.

Levelling-up potential

The Government's *levelling-up* agenda for the regions is highly relevant to a shared national response to the C-19 crisis and Brexit. It could provide the serious economic resurgence in the regions that has been lacking for decades, it could offer a programme of inclusivity in deprived areas.

This could involve the relocation of Government administration, expansion of regional businesses, business relocations and the creation of new businesses. The Government has many options to facilitate this including: the use of public sector procurement; the creation of enterprise zones, free ports and regional investment institutions; deregulation; and the effective mobilisation of potentially supportive institutions including universities, colleges and multi-agency business advice services. Targeted incentives could be offered for the deployment of new technology and skill development. Government has recognised the need for transport and broadband infrastructure improvements. These must be prioritised against the options for business support.

John Mills argues, most recently in *The Road to Recovery* [2], that the pound sterling should be pegged at approximately 20% below its current level to encourage capital investment, subject to a more amenable banking sector, to facilitate competitive pricing for UK manufactures.

This potentially radical levelling-up agenda with all its facets could serve the current economic and social imperatives as outlined. It could provide a programme primarily directed at the regions but with numerous spill-over advantaged from its components that it would provide consequential benefits for London and surrounding areas in the South East. Indeed, the opportunity could be taken to define London's primary national role as distinct from the regions, enabling its emergence as a more liveable environment.

Messaging

The C-19 crisis has seen the Government explain itself directly to the public through nightly news conferences. Although not always fully realised, these broadcasts required Government to develop an outline plan, prioritise its actions and make staged advances. At every step it needed to maintain engage the public through briefings pitched at the right level to minimise subsequent revision.

This daunting task became harder as opponents in the media, politics and other institutions worked tirelessly to undermine the success of the project by disrupting public confidence, offering advice that could never be executed, or using hindsight to condemn decisions that were accepted as good practice when they were originally taken.

The experience of this tragedy offers numerous lessons for public messaging of the recovery programme. Consistency from all voices, confronting false perceptions offered by others and timing the release of detail with certainty of follow-through are clearly important. In terms of the platforms chosen, the Government could decide to present its proposals

and report progress in a programme of video recordings and public appearances around the country. Whatever its choices it must assume that in seeking to win public confidence and support it is on its own.

Conclusion

We are not a country that looks for economic planning on a grand scale, neither do we tend to celebrate entrepreneurialism, perhaps being diffident towards its often obsessive traits. Even so, it is in all our interests to foster entrepreneurialism at this time if we are to respond effectively to our changing circumstances, especially the economic and social needs arising from them. By fostering I mean using the power of the state to work with the people, business and other institutions to achieve a rejuvenation of the commercial environment with an emphasis on the regions.

Our situation arises from the combination of things: Brexit, C-19, the commitment to tackle regional disparities, cultural changes based on new technology and the housing crisis. We are at a point of departure that should be treated as an opportunity that will not occur again this century. It is a situation that must be worked through with relentless determination over the course of several parliaments. There is no quick fix. It is time to make a sober and clearly articulated commitment to this enormous venture.

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[2] https://instituteforprosperity.org.uk/admin/resources/reports/2451-a-the-road-to-recovery-ppi-58-web.pdf

World e-government coverage remains limited

World e-government coverage remains limited according to the 2020 edition of the [United Nations E-Government Survey](#) which was released on 10 July 2020 (1). This is in spite of most countries and municipalities currently pursuing digital government strategies, many with innovative initiatives.

The 2020 ranking of the 193 UN Member States in terms of digital government — capturing the scope and quality of online services, status of telecommunication infrastructure and existing human capacity — is led by Denmark, the Republic of Korea, and Estonia, followed by Finland, Australia, Sweden, the United Kingdom, New Zealand, the United States of America, the Netherlands, Singapore, Iceland, Norway and Japan.

Among the least developed countries, Bhutan, Bangladesh and Cambodia have become leaders in digital government development, advancing from the middle to the high E-Government Development Index (EGDI) group in 2020. Mauritius, the Seychelles, and South Africa are leading the e-government ranking in Africa. Overall, 65 per cent of Member States are at the high or very high EGDI level.

In responding to the health emergency, governments have put in place new tools, such as dedicated COVID-19 information portals, hackathons, e-services for supply of medical goods, virtual medical appointments, self-diagnosis apps and e-permits for curfews. Many countries were quick to deploy tracking and tracing apps, and apps for working and learning from home.

Innovative digital government responses to COVID-19 include online dashboards in Canada and Australia to share information and track emergency responses. In China, chatbots are used to assess patients' risk of being infected. A community engagement app in Estonia allowed local governments to directly interact with their constituents, including through sharing COVID-19 information, posting photos and videos and even organizing virtual events. In Croatia, a "virtual doctor" is powered by artificial intelligence and developed by technology firms in cooperation with epidemiologists. In London, the use of cameras, sensors and AI algorithms, normally intended to control traffic, now measures distance between pedestrians to control social distance.

E-government progress still

hindered by digital divide

As a development tool, the E-Government Survey examines countries' strengths, challenges and opportunities, and informs policies and strategies. The 2020 edition found that progress has been made across all regions, even in the least developed countries. Over 22 per cent of countries were promoted to higher levels of e-government development.

Yet, despite the gains and major investments in e-government by many countries, the digital divide persists. Seven out of eight countries with low scores are in Africa and belong to the least developed countries group. The regional average index scores for countries in Africa are almost one third lower (at 0.3914) than the world average EGDI of 0.60.

Alongside these trends, the COVID-19 pandemic has now not only reinvigorated the role of digital government in its conventional delivery of public services and in ensuring business continuity, it has also brought about innovative ways in managing the crisis, such as in contact tracing, e-health, online learning, and remote working.

About the UN E-Government Survey

The UN E-Government Survey, published by the UN Department of Economic and Social Affairs (UN DESA), is prepared over a two-year period following an established methodology. It looks at how digital government can facilitate integrated policies and services across 193 UN Member States. The Survey supports

countries' efforts to provide effective, accountable and inclusive digital services to all and to bridge the digital divide and leave no one behind.

(1) This blog is an amended version of the accompanying [UN press release](#)