

An open letter to the PM as he crafts his general election agenda



Rishi Sunak

By David Fellows

In this open letter the author proposes an election agenda dominated by levelling-up, NHS and Zero-Carbon met from a programme of public spending reductions. He sees a need for this to be explained by an honest evaluation of the challenges facing Government.

Dear Rishi,

It seems to me that the coming general election must be regarded as the start of a new era: post financial crisis, post Brexit, post Covid, post supply chain disruption, post outbreak of the Ukraine war, post inflation explosion, post Corbyn & Johnson. This clearly requires a courageous agenda as we approach a somewhat more stable (excluding Ukraine) yet challenging domestic and international landscape.

Your new Government must be ambitious, rigorous and transparent in constructing the way forward. We require a Government pro innovation, productivity and regional opportunity; pro personal responsibility and smaller state; pro advice above regulation; and more communicative about [problems and possibilities](#). This challenging requirement plays to your technocratic strengths – embrace it, speak up and move quickly.

So far as the middle-class millenarian campaigners are concerned, the more level-headed majority want a government that can stand up to them where it counts.

Internationally the way forward must include increased national resilience and partnership development where this is mutually beneficial. Sooner or later, this will include improved relations with the EU and US, accepting that marginal improvements may be all there are available right now without offering unreasonable concessions. In this respect the decision to rejoin Horizon is a mystery to me, it has not been properly explained and the terms are bewildering. You must do better.

We need a narrative that embraces all this and gives us confidence for the future.

Levelling-up encapsulates the lack of tangible concern by the political class over past decades. There is a yawning deficit in economic opportunity in the regions compared to that in the Greater South East. People in the regions need feasible solutions that address this through a substantial [programme of investment and collaboration](#) involving development tax incentives, training, innovative technologies and

infrastructure. The current political mindset is far too London-centric as [my analysis of then Levelling Up White Paper](#) demonstrated. This cannot continue. If you do not understand the insistent need for leveling-up, a phrase invented by BJ but a concept long embedded in the regional DNA, then frankly you are adrift.

If the levelling-up ambition is ever to succeed in practice then staunch and continuous Government leadership is essential. Local government and other local institutions will never have the heft to lead a real revolution although they are clearly vital ingredients. Collaboration between major public sector organisations is limited by the determination of all parties to retain discretion over important matters for which they are held responsible. Metropolitan authorities have limited powers leaving their leadership role hanging by a thread.

Constant [cries from industry](#) to allow local politicians to take charge are immediately followed by demands for action on issues for which Government holds the key. Any intention of real change requires continuously active ministerial involvement to build the regional offering and demands true collaboration between players, including greater cooperation and shared learning within the business sector together with more rigorous thinking about the shortcomings of public and private sector relationships hitherto.

The Government's failure to give due support to regional development over decades has almost by default put enormous emphasis on London and the quality of life of ordinary Londoners has suffered. Housing provision has been disastrous. Inner London, with some exceptions, has been demonstrably failed by the public sector. Levelling up is the first step in

redressing this unhelpful London bias allowing the quality of life throughout the country to be improved step by step.

Looking at other issues, the NHS is simply too monolithic while internal communication and coordination can be appalling. It now requires the challenge of an alternative model based on universal healthcare principles. I suggest a dual system of state and private provision with the latter largely funded through an insurance system, as [I have previously advocated](#). The state would then be one option within a diverse provider model that would develop through operational experience and user demand. Basic personal coverage within the system would be mandatory and personal taxation would reflect the choices made.

Zero carbon timescales are unrealistic and becoming detrimental to everyday decision-taking. The cost of electric vehicles, shortage of charging points, deficiencies of national grid infrastructure and power generation now require firm deadlines to be translated into softer and longer timescales. Further technological breakthroughs and comprehensive cost analysis will determine the nature of the initial net-zero platform. At this stage options for power generation and end-user technology need further work if abortive costs, perhaps crippling burdens, are to be avoided at state and personal level. Locally-determined ULEZ charging zones are part of an emerging left wing economic disruption narrative and should be prohibited. Only Government-enacted regulatory and penalty systems should be permitted.

The limited extent of house building is an injustice to younger people of child-bearing age, a threat to the country's economy and destructive to local communities that do so much heavy lifting that otherwise falls on an overburdened state.

With this in mind, local authority discretion to refuse planning permission for housing must be reduced, the scope for building on greenbelt land must be increased and the land bank practices of major developers must be scrutinised and reformed as necessary. It is no good observing the preferences of the traditional voting base if the result is national destruction. Some hard truths need to be told. This may lose the support of some but gain respect and possibly support elsewhere.

Whether political leaders are gregarious, eloquent or rich (none could be said to be of limited means), I suggest that in the coming election it matters less to the electorate than their integrity, their willingness to engage openly with the electorate on key issues, the quality of their team and, crucially, what they seem able and willing to deliver for the individual voter and the country at large. Not every voter will forensically examine these issues but many will and their conclusions will filter through.

With this in mind, why not bring the levelling-up agenda back into the Cabinet Office with you accepting personal responsibility for vision, oversight and cohesion. It would be a major commitment but as the election approaches it would signal that you put fairness of opportunity and a shared national prosperity at the heart of your mission. Having made my case for the levelling-up perhaps I can go one step further and suggest that where there is deemed to be an overwhelming case for technological research and development based in the Greater South East then this should be linked with institutions and businesses in the regions.

Also commit to social imperatives that are not on substantial fiscal support, particularly private sector house-building and the inclusion of the private health sector as a full partner

in the NHS family.

On the international stage, trade and security must be clearly at the forefront. Perhaps international development, outside the bounds of humanitarian aid, could be targeted mainly at existing and potential trading partners in the developing world with support centred around in-country governance arrangements and partnership development involving UK businesses and technological institutions (even catapults). I am not suggesting that some of this does not happen already but that it could be a much more prominent focus of the development offer.

Any substantial programme of public investment in economic growth must be financed in the short term by increased public service efficiency and the elimination of ineffective service provision leading subsequently to self-funding through increased tax revenues. Hard choices are clearly required for both initial service reductions and investment priorities.

The next election will find many issues vying for attention. A selective offer delivered with straightforward honesty is now required that demonstrates your vision and for our future prosperity. Clarity about key roles in developing the future vision could be helpful too.

Regards, DF

PS: I'm always creating to-do lists and perhaps I could offer a few thoughts in this vein

Levelling-up and self-reliance:

- Demand substantial contributions from regional universities, technology institutes and catapults – of a scale and ambition to make a significant difference
- Devolve Govt departments much more extensively
- Support development of new technology to facilitate greater productivity for domestic industries eg: agriculture; product design, testing and development; digital technology
- Employ tax incentives to encourage investment in regional development hubs for new product development and productivity improvements
- Commit ministerial support to facilitate institutional cohesion at regional level

Public spending:

- Set 3 year targets for departmental cost reductions
- Reduce services that lack value; improve administrative efficiency; and reduce regulations, making it harder for ministers to create them (none of this is ever done well)
- Seek advice from the NAO. Hold departments responsible.

National health services:

- Announce the intention to develop a twin track (public/private sector) universal National Health Service with the private component being largely insurance-based including the option of providing both private medical schools and university hospitals

- Allow cross-contracting for service delivery between public and private sectors
- Allow private sector to adopt a variety of configurations for primary and secondary care.
- Call for outline proposals from public and prospective private sector partners
- Design a supportive tax allowance package for those wishing to take the private health option
- Learn from others

Carbon reduction:

- Scrap all net zero deadlines and replace with more realistic targets for key proposals
- Monitor and evaluate the emergence of innovations worldwide, encourage domestic innovation, stimulate the creation of viable net zero industries and support them

David Fellows worked extensively in UK local government, was a leader in the use of digital communication in UK public service and became President of the Society of Municipal Treasurers. He was subsequently an advisor on local government reform in the UK Cabinet Office and an international advisor to the South African National Treasury. He is a director of PFMConnect, a public financial management consultancy, and a regular commentator on public financial management issues at home and abroad.

Talking about the future



Rishi Sunak

by David Fellows

This commentary suggests that the UK Government's new Prime Minister, Rishi Sunak, should use this pre-election year to pursue a much-needed process of public engagement embracing honest analysis, realistic objectives and meaningful initial progress focused resolutely on the key issues.

Politicians can spend too much time stabbing at simple solutions to complex problems. This typifies the Opposition's current behaviour resulting in frequent policy reversals or 'clarifications' but they are not alone. PM Sunak has just announced a substantial increase in medical training throughput but has given little analysis of current difficulties demonstrating how this single initiative will make a critical difference to the NHS.

A risky but more beneficial strategy would be to explain how he truly sees the UK's key problems and opportunities, explaining their origins and his commitment to beneficial change within a realistic timescale. He would be open to engagement on refinement and priorities but he would emphasise his intention to move forward at speed within the limited time at his disposal before the general election. This would demonstrate intent, practicality and, wherever possible, some evidence of initial impact. The latter prospect is particularly valuable as it is an option that is only available to Government. It is conceded that such an approach would be highly demanding and allow some admission of past policy deficiencies.

The benefits would be three-fold. Firstly, Sunak has had limited opportunity to develop a rapport with the country and this would be an arresting start. Secondly, it would employ his key strengths of analysis, practicality, honesty in debate, ability to communicate in depth and he would be seen to credit ordinary people with the intelligence to understand hard issues. Thirdly, the Opposition would be challenged to meet him on his own terms or be seen as shallow and incapable of the grip required to make serious improvements.

Sunak is sufficiently different from both his two immediate predecessors that this more open, practical and carefully reasoned approach could signal the arrival of a new Government capable of making a critical difference at speed. Ideally, he would be joined by a small team of ministers that would share this style of presentation and help develop the thinking on the issues to be presented in this way. A more collegiate style would also signal a welcome robustness of relationships within Government.

I have already set out [my views on the key issues: economic growth](#) (with the [Government more ready to accept a pivotal role in levelling-up](#)); green energy; housing and families; the structure, character and management of the civil service; and [NHS reform](#). I accept that I must add immigration in its various forms. But mission creep must be avoided. This must not become the manifesto. It should be far more focused on the things that matter most.

When explaining why we are where we are and what we now need to do to deliver future success it is essential that the context is properly explained to the electorate. To me this breaks down as follows:

1. The need to foster improved economic productivity and growth through innovation, leadership, education and training, leading to good job opportunities, self-sustaining communities in all regions and affordable public services. This includes addressing the UK's current dependency on immigration to provide the necessary additional labour to compensate for the failure to produce sufficient home-grown talent or achieve adequate productivity improvements throughout the economy.
2. The need to reign-in public spending and restore the public-private sector balance of the economy through greater public service efficiency and a much-reduced dependency on regulation. A key requirement of the latter being the creation of clear distinctions between public and personal responsibilities, a challenging task.
3. The relationship between housing availability, family prosperity, general living conditions, birthrate and public service provision.
4. The need to supplement renewable energy with carbon-

based fuels for sufficient time to allow for the discovery and development of viable zero-carbon solutions that current technology is at present unable to provide on an industrial scale. This includes revisiting issues provisionally resolved by bogus zero-carbon solutions. Clearly current carbon emission deadlines must therefore be extended to avoid the economic and social disasters that will otherwise arise from current timescales.

5. The need to identify the extent of NHS failings has already been referred to. In doing this, the dual public-private system that is already an integral part of UK health service provision must be officially acknowledged and developed in a coherent and cost-effective manner.
6. The need to review the nature of the civil service given the dependency of Government on trust between elected and appointed officials. Specifically, to consider the continued validity of the expectation that senior officials will remain personally loyal to all ministers they serve, will advise them dispassionately and will be prepared to action the policies that are then determined by successive politicians. A change of party is the most obvious but not the only issue here.

These complex situations affect highly relevant issues requiring an elevated level of explanation and engagement. Sunak is equipped to rise to these demands.

The core narrative of the next Government could be introduced and developed in some depth from now onwards. The proposed approach carries the promise of a more profound relationship between Government and Country, rejecting hollow sound bites as a route to electoral success.

The five priorities may have been a starting point but the country needs a more substantial vision that does justice to the challenges that lie ahead.

David Fellows worked extensively in UK local government, was a leader in the use of digital communication in UK public service and became President of the Society of Municipal Treasurers. He was subsequently an advisor on local government reform in the UK Cabinet Office and an international advisor to the South African National Treasury. He is a director of PFMConnect, a public financial management consultancy, and a regular commentator on public financial management issues at home and abroad.

The new PM's ten conundrums



By David Fellows

The successful PM candidate will face a series of conundrums as he/she ascends to the highest political office in the UK. It will be a daunting task and the contest has provided opponents with so much ammunition.

Ten key issues

The battle for leadership could have been more useful if it had addressed models of government or economics or service delivery or even styles of leadership but it was rarely about any of these. So let us examine ten of the key issues the new PM will face, some already in play and some that remain largely unspoken.

PM & Cabinet

We've got a collegiate cabinet system with cross-government working facilitated by cabinet colleagues and overseen by a PM who clarifies direction, adds impetus, refreshes the machine and does the communication thing.

So ideally the new PM brings in people who are good at learning, have interesting ideas, knowledge, drive, practical insight and of course a collegiate mindset and a willingness to help others integrate and develop. How to create the right team?

Strategy & Delivery

The contestants will no doubt be discussing with potential ministerial candidates their vision with reference to a selection of portfolios. What about new or refined models of cabinet government, the civil service or the health service. The latter two are clearly in deep organisational and professional trouble of all kinds. Some bold and honest thinking is required (see later for health). What about radical views on deregulation, service efficiencies and service reductions.

Sometimes the strategy is right and delivery needs sharpening. Delivery is a perpetual problem. The idea that outsourcing or agency status eliminates Government responsibility is nonsense, even managerial responsibility rests with government if things start to go seriously wrong. If we embrace this how could it change things?

Growth & Innovation

Growth-directed investment incentives are mentioned from time to time including infrastructure projects that could be part of the solution. Of course the Government are already buying innovation in many fields: health, defense, power generation, electronics. We in the UK are not necessarily benefiting from the growth potential of this spending because we often buy from specialist companies in other countries. We tend to believe in going to the market but not market shaping. So we reduce taxes or invest in public services and expect spending to take place here when it actually it ends up taking place somewhere else, not always but perhaps too often. But who is keeping the score and thinking through the results?

Resilience & Trade

We do trade deals to broaden our markets to generate business for the UK and provide a diversity of suppliers for imports offering price competition and resilience. To an extent it offsets the hostility of EU countries to our departure from the EU but its purpose is much broader than that.

We also talk about internal resilience but resilience in what? The security services think we have Huawei sorted and can buy non-critical products. Of course if you don't make PPE then in a pandemic, PPE becomes a critical product. In fact anything you don't make to some extent is a vulnerability because, as we begin to see, almost anything that comes from outside our borders can be denied us through deliberate or chance logistical problems, skill shortages or scarcity of commodities that we left others to grow or source. So we become entirely self-sufficient? No, but we must energetically encourage diversity in UK business activity giving us a greater readiness to understand and respond to opportunities and threats.

We pride ourselves on our innovation but entrepreneurship is the key to development and it is development that gets the wheels spinning and produces a virtuous cycle with iterations of product innovation leading at some point to a commercial breakthrough. It is entrepreneurship that keeps the cycle going and nurtures the vision of generating a major business. We probably don't appreciate and encourage entrepreneurship enough.

I haven't mentioned agriculture, do we really want it? The lack of interest in the development of this sector is astonishing, a point Jeremy Clarkson makes only half in jest.

This whole field needs clarity about how we see growth being created and how the state may help or hinder a successful outcome. Are we prepared to engage in such thinking or are we frightened to be charged of attempting to create a command economy?

Tax Cuts & Modelling

The cost of petrol is astronomic and is hitting some people and businesses more than others in a haphazard manner. Without time to adjust this can be catastrophic (we are a highly mobile society). Is it not sensible to take some of the tax off petrol given that the soaring price draws in more revenue than could have been expected even six months ago (there may be some progress on this as I write but what is the economic plan behind it?).

If we are to achieve economic growth about which we are all so keen, why deter the relocation of businesses into the UK and

the retention of businesses here by increasing the current rate of corporation tax (lowering it would be preferable but let's not get carried away). Instead we seem to be set on raising it with the intention of reducing it almost at once (unless I misunderstand the intention).

Borrowing is an alternative to taxing but we already have huge debts, inflation is causing havoc, more borrowing means even higher interest rates and a mounting debt pile. Supply chains are still stretched and could get tighter, we are financing an indefinite war, a recession looms in the EU, trade hostility is brewing with the EU and even the US (Federal rather than individual states), spending pressures abound, so what scale of economic stress, deficit and debt burden we are walking towards? What are the tolerances envisaged in the various iterations of the BoE and Minford economic models, are they all reassuring in their results?

Health & Defense

This is the coming issue and the secret is...we have enough money for neither.

Health is literally infinitely expensive and everyone involved needs someone to blame and that is always going to be the Government unless the system can embrace other sources of authority and cash to share the pressure. Most alternative systems involve insurance schemes and privately run hospitals. There are some very good systems no more expensive than our own, some less expensive. Ours is not amongst the best by any means and is on the verge of breaking the state politically and financially.

The problems include explaining the situation rationally and calmly, choosing the right model, managing the transition and defining the state's role and residual financial responsibilities. The Opposition, supported by the BBC, will go to war over this which is why the PM must prove to be a hugely effective communicator. The Opposition will secretly hope that the Government (I am assuming the current Government stays in power long enough to do this of course) succeeds in making an effective and radical change but is mortally wounded in the process. This is the challenge!

Assuming we capitalise on the new arrangements to renew UK medical practice, and goodness knows it needs it, we could generate a boom in UK-based medical innovation. Good for health, good for business, good for UK-based international trade if done well.

Similarly we do not have much extra money right now for defense. But could we do more to grow our advanced engineering, telecommunications, artificial intelligence, UAVs, technical skills and products out of the defense budget with the resulting economic growth supporting our defense aspirations? It is not a total solution but perhaps it needs to be more of the way forward.

Housing Targets & Birthrate

Well the plan seems to be to abandon targets. Housing will just appear where it is needed. Basically Opposition seats. No effective policy, rapidly declining birth rate/tax payers.

Regions v Greater South East

Is the next government going to tackle regional economic growth in a concerted manner or just call everything in the regions levelling up and allow the golden triangle to roar away into the sunset as the appendix to the [Levelling Up White Paper](#) suggests (see previous note[1]). Levelling up opportunity for future generations (see previous note[2]) through economic growth is the only game for the regions. Will Government ever be prepared to accept such an anti-establishment path? Probably not.

Boris the Good v Boris the Bad

Brilliant communicator, great hair, short on hard truths, short on strategy, short on focus, difficult to control, easily led astray – but with the right support he was probably unbeatable. Yes it was a big ask. It's virtually calling for grown-ups to exist in politics and the civil service at the same time and in the same place ... hence we are where we are. With all this in mind and reflecting on the earlier issues, the PM really does need to think practically not just politically about his/her appointments from the perspective of creating a functioning government that compensates for their own shortcomings. Sage and impartial advice required.

So

The world is not in a good place. Apart from a multitude of global issues to address we need a government that has the courage to tell the country that it can never make all the right decisions for everyone all the time, or indeed at any time. At best it can tackle a limited number of things reasonably well and only then in the event that it makes the best possible choices. Otherwise overload is always ready to

destroy leadership and nothing will be done well. Our personal choices define us yet state dependency is a constant prospect. Is modern politics capable of drawing a line under its competency?

PMs expect to be shot at by all and sundry and are never disappointed. Their ambition is soon reduced to survival. It is tempting to assume that neglecting hard problems and hard truths is inevitable and this results in false promises. Is this really the only way forward? Can our next PM plot a different course?

David Fellows is an accountant. He worked extensively in UK local government, was an early innovator in the use of digital communication in UK public service and led a major EU project supporting the use of digital technology by SMEs. He became an advisor on local government reform in the UK Cabinet Office and an international advisor to the South African National Treasury. He writes on public financial management and digital communication particularly in relation to developing countries: david.fellows@pfmconnect.com

[1] See: <http://blog-pfmconnect.com/levelling-up-white-paper-commentary-time-to-deliver/>

[2] See: <https://blog-pfmconnect.com/levelling-up-opportunity-for-future-generations>

Levelling-up demands clarity now!

By David Fellows



With greater clarity [levelling-up](#) could become a major milestone in the UK's 21st century progress. But it needs focus that makes sense to voters who want to know how it will improve the prospects for their families and communities, particularly for those in the regions. To achieve this it also needs to make an appealing offer to business. To-date there is a distinct lack of coherence. The PM has the communication gifts but has lacked the clarity of purpose and messaging to carry this demanding agenda.

Levelling-up requires some hard truths as well as a really transformative agenda. Making progress entails a dialogue with the people that emphasises the future opportunities that are

available to the UK as an innovative sovereign state and recognises a failure of belief in the potential of the country as a whole that has permeated Westminster and Whitehall over many decades. The agenda must make a series of commitments –

1. Institutionalised discrimination favouring the Greater South East that has been endemic in the UK for some long time, it has created a concentration of national wealth and opportunity that has blighted the whole country and this will be rectified
2. Going forward, Government will retain the best of what is, while deliberately creating a restorative bias towards improving opportunity in the regions. Change will take time to become fully implemented but progress will be set out clearly in the national conversation that will underpin this whole enterprise.
3. Delivery will be well coordinated across Government at political and administrative level and mechanisms and policy will be continuously updated as events unfold and lessons are learnt

Three key specifics

1. Regional business development will be the catalyst to the whole agenda, providing the bedrock for many other improvements that are clearly desirable, including in health and education – (it is a concept that is affordable and capable of being geared to national finances with significant aspects not requiring huge additional investment – I have previously written at some length about this [process](#))
2. Regional business development policies will encourage innovation, productivity improvements and entrepreneurship across a broad swath of economic

activity from the small scale to major undertakings. This will be supported by the expansion of business centres offering practical industrial, technological and scientific expertise in which the universities will be expected to play a significant role. The regionalisation of ministers and higher civil service grades is also required to ensure that Government comprehends regional life and appreciates that their personal advancement depends on regional success.

3. The benefits (both social and economic) to the Greater South East will be worked through and strongly presented. The unique and essential contributions of this highly productive area will be advanced not diminished but public investment will be much more consistent with regional development. Livability improvements will be a priority in especially crowded residential areas.

This agenda should be seen as a process of renewal, pulling the country through a difficult period of economic challenges and personal hardship to deliver future prosperity. It is also about grasping the potential of changes taking place in the world including the green agenda, the need for greater national resilience and Brexit. Emphasis must be placed on more cohesive relationships within the business community, between private and public sectors and with worldwide trading partners. Deregulation must become more than a meaningless mantra.

The levelling-up agenda necessarily requires the full participation of local and regional institutions from both the public and private sectors but, as I interpret it, this immense task cannot succeed without the multifaceted power of Government including the advocacy and cohesive influence that the PM is uniquely placed to provide.

Despite recent events the Government has not necessarily lost its chance to transform Britain through a regional business-based approach to levelling-up. With real application progress may still be made by the next general election. But the concept urgently requires plausible commitment by Government and coherence of design if the UK is to move forward rather than remain mired in a mindless process of low politics that serves to sideline the real issues that affect the lives of ordinary people.

David Fellows is an accountant and early innovator in digital public service delivery. He worked extensively in UK local government, was a leader in the use of digital communication in UK public service and led a major EU project supporting the use of digital technology by regional SMEs. He became an advisor on local government reform in the UK Cabinet Office and an international advisor to the South African National Treasury. He writes on public financial management and digital communication particularly in relation to developing countries:

david.fellows@pfmconnect.com
