

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

Freedom is what you make of it



by David Fellows [\[1\]](#)

1. UK Governments can no longer claim that EU rules prevent necessary changes to improve the UK economy or the life prospects of UK citizens. The UK's decisions may have some tariff consequences but there is no EU veto or imperative that would lead us to doing those things that run counter to our best interests. After the deal was done in December the PM remarked "freedom is what you make of it". Surely this will be his epitaph but will it be a celebratory one?
2. The time is rapidly approaching when we must learn of the Government's detailed plans for fulfilling the PM's promise to level up the regions. We shall then see what

effort and risks ministers and senior civil servants consider appropriate to honour the pact with those who made Brexit possible by changing allegiances at the last general election.

3. Challenges abound for all participants. Local authorities, for instance, can offer valuable insights and assistance with delivery. Naturally they will want to put their own stamp on initiatives. In doing this some may make untenable demands, vilifying Government merely for political purposes. Making a start with the most constructive partners is surely important. An advance guard must be identified capable of identifying the route to success.
4. The adequacy of key public sector organisations must be considered. For instance, how is the private sector to be effectively incentivised to participate? Can the woeful state of skill training be improved and properly presented to those who could benefit? How are start-ups and small businesses to be supported in a practical manner? How should business regulation be simplified to encourage enterprise while maintaining British values? How and to what extent could universities be tasked to make a meaningful contribution with funding skewed to reflect support for local enterprise development? How is the huge heft of public procurement to be employed? Is this the moment to create regional investment institutions to support private enterprise and if so, in what form?
5. The private sector must be invited to make a major contribution to this agenda. Brexit has not shown the sector's representative bodies in a particularly constructive light. They must demonstrate a capacity to contribute or be circumvented. One way or another the sector must be encouraged to provide ideas and resources that are appropriate and of long-term benefit to regional development.
6. No one has 'the' answer. The public sector is diverse,

resource hungry and often politically divided. The private sector is competitive, risk averse, self-interested. Representative bodies of all kinds have limited, common-denominator agendas. Consultancies tend to provide answers that they hope will lead to repeat business. This is not a task to be resolved purely by conference or working group. The answer must be derived from an unruly discourse that generates ideas from a series of interactions across all issues involving many different organisations and individuals, producing contributions that are more revealing than manicured.

7. The general public must also have an understanding and an opportunity to contribute to this agenda. The remaking of the regions and the consequent clarification of the opportunities for London and the South East are about reshaping opportunities for communities, families and individuals.
8. The task entails the rebalancing of the relationship between the wider London area and the regions. Ultimately the responsibility for a successful outcome of this immense task lies with Government. It should be approached with this clearly in mind. There must be both local and national ownership, public and private sector engagement. The national contribution is pivotal and should be recognised through branding and governance.
9. This may not seem the best time for such an adventure. The virus has caused serious economic and personal damage. Restrictions will continue for some time while huge expenditure has already been incurred. Some say that this is the time to recognise and reinforce what works, time to throw everything behind the pulling power of London and the South East. They caution against forsaking the golden goose. Of course this is a fallacy borne of anxiety when the currency is realism. London does not work nor do the regions. The one lacks liveability, the other lacks opportunity both need attention. It is time to face facts, there was never a

golden age.

10. The digital technology had been slowly revealing our needs and suggesting options. Covid-19 has caused us to build on these developments, changing our attitudes and behaviour with astonishing speed. The Covid-19 experience has also provided Government with invaluable lessons about joined up working and the need to achieve steadfast alignment between messaging, planning and execution.
11. Things will never be quite the same again. It is time to embrace change, we just need to do it properly.

[\[i\]](#) David Fellows has worked extensively in UK local government and in the Cabinet Office as an advisor on local government reform. He is a director of PFMConnect, a public financial management and digital communication consultancy: david.fellows@pfmconnect.com

**Levelling up opportunity –
redressing social and
economic disparities in the
UK**



By David Fellows (1)

This is an extraordinary time for the country and the Government. Despite the terrible consequences of Covid-19 and the challenges of Brexit, this is also a time that bears the seeds of a renaissance. Our new found freedoms, new ways of working and new sense of shared responsibility provide the means to redefine Great Britain for the 21st century.

Well before the Covid-19 struck digital technology had introduced new forms of remote working, shopping and entertainment but the virus has accelerated adoption. Greater flexibility of work location has been established and physical proximity to London is no longer the advantage it once was. This has improved the feasibility of 'levelling up' the regions, a commitment made by the PM on taking office. Levelling up also carries the potential to reduce pressure on accommodation in the London area and alleviate the worst of the capital's housing crisis. With a little imagination levelling up could be seen as a win win prospect for the whole country.

Levelling up commitments

Recovery is always an aspirational project and we have a PM who epitomises this quality. His early call to use levelling up as the route to recovery from Covid-19 captured the public mood and certainly chimed with the expectations of Red Wall voters.

The Conservative manifesto for the 2019 election commits to 'agenda for levelling up every part of Britain, investing in our great towns and cities, as well as rural and coastal areas'. Under the heading 'Levelling up' the March 2020 Budget asserts to need to 'raise productivity and growth in all nations and regions for everyone, addressing disparities in economic and social outcomes'.

Regional disadvantage

The regions are suffering from long-term underperforming economies giving rise to the steady destruction of social structures as young professionals and skilled workers drift to the London area. This regional situation is to be contrasted with London where the City and Central Government directly and indirectly provide huge economic impetus. The concentration of media, major cultural venues, law courts, international tourism and a host of vastly resourced academic institutions add enormous weight.

This constitutes a system of self-serving parochialism that produces a continuous flow of advocacy for endless public and private sector investment. The thought of major institutions locating outside London has become almost risible. Some suggest that there is a spill-over effect from London to the regions but where this happens it consists of low-paid back-office jobs, call centres and branch plants that can be axed or offshored at a moment's notice.

Levelling up challenge

It is worth considering the concept of levelling up in terms of the current socio-economic challenges facing the country and the regions: the attenuated international supply chains; overly heavy dependence on manufactures from across the world; the steady drain on young talent from the regions to London leaving behind increasingly vulnerable communities; the narrowing of employment opportunities in the regions that fit the skill sets, interests and monetary ambitions of regional communities; and the stagnant regional economies that require regular, and often resented support, from the national exchequer.

It is astounding to reflect that the UK has proportionately the smallest manufacturing sector of any OECD country (Gudgin & Coutts 2015 – see Bickerton below). In terms of shared prosperity a recent [House of Commons briefing paper](#) gives 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 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.

Apart from the extremely wealthy, London too has its problems. The housing crisis is borne of excessive demand compounded by a dysfunctional housing sector, an overly 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. It has taken Covid-19 to emphasise the inherent risk entailed by an enormous concentration of cost and livelihoods invested in a London area public transport system that is reliant on a huge passenger throughput. The changing demand habits of the travelling public have shown the inbuilt risks to this system.

These factors suggest the potential benefits of rebalancing in favour of regional economies. This could include some reshoring of production, strengthening internal regional markets and developing the capacity to recognise and exploit regional economic potential.

For instance, there may be particular local relevance to the development of renewable energy technologies and support services; battery technology; high insulation house fabrication industries; and digital technology applications supported by local graduates from higher education (perhaps helping to develop local businesses). More specifically, computer aided design expertise offers support for improvements in the efficiency of manufacturing and agricultural processes that may help to offset the potentially higher costs of repatriated production and smaller companies may be prepared to collaborate in the creation of local skill sets required by emerging local industries.

The levelling up offer

As yet there is no clear indication from Government about the objectives, details or total spending commitment to be attached to the levelling up commitment. Colin and Carole Talbot in their paper [‘On the level’](#) considered the feasibility of interpreting the concept in terms of increasing regional public spending per capita to that of the capital. They concluded that a 6% rise in public spending would be required. In his thought-provoking paper [‘Brexit and the British growth model’](#) Christopher Bickerton traces the breakdown of the British socio-economic compact and asserts the need for a new social settlement in Britain. This could be taken as the underlying subject matter of a levelling up agenda.

The March budget's reference to levelling up as cited above itemises infrastructure spending of £650bn up to 2024-5 for roads, railways, communications, schools, hospitals and power networks across the UK. A close-ended infrastructure dominated commitment would clearly suit the Treasury control instincts but such investment alone is unlikely to make a significant dent in the problem.

In his recent speech to the Conservative Party conference the PM affirmed his intention 'to spread opportunity more widely and fairly'. Perhaps levelling up opportunity this is where the answer lies. But what sort of opportunity? I suggest this refers to people having an appropriate choice of work giving them the chance to earn a good living in a satisfying social and physical environment. The work depends on the individual's aspirations: something reasonable in terms of pay, security and interest. The environment clearly includes friends and neighbours, safe streets and pleasant surroundings.

Admittedly this is not graphically clear, it does not have a specific price tag, its interpretation will certainly change over time and it can never be ticked off the to-do-list. Refinement will embrace a greater diversity of employment, wider spread of earnings, higher proportion of national wealth and personal income for the regions. It is the ultimate political task of continuous engagement and interpretation with the voters judging the results. To a large extent, the environmental aspect requires familiar public services to be properly delivered but the economic aspect requires some radical new thinking. The approach must be much more diverse, agile and collaborative than hitherto.

Levelling up tools

The general election manifesto asserts the need to give the regions 'more control of how that investment is made' and 'to trust people to make decisions that are right for them'. Does the PM really wish to succeed by devolving responsibility for 'levelling-up' to local judgement on the basis that locals know best? A cursory inspection of the project will quickly find that the game is not in regional hands.

It is essential that local authorities, local businesses, local universities, local FE colleges and a plethora of regional organisations are seriously engaged. Many will have a major stake in the delivery but any plan that does not require Government to play a pivotal role in shaping and delivery has, in my opinion, no significant capacity or ambition to move the dial towards regional regeneration. How are the various bodies to be engaged if not by Government? Are Government departments not to make a significant contribution in the fields of taxation incentives, the creation and oversight of an investment vehicle, new procurement regimes and simplification of regulatory systems? The distancing of Government from regeneration is the story of repeated failure.

So what measures might a more appropriate regional revival scheme look like? The levelling up agenda could include: the use of Government procurement to promote regional economies and help develop emerging businesses (Government taking the risk of awarding high value work to the latter); a system of enterprise zones and free ports with tax incentives for business to relocate and invest; deregulation to encourage enterprise; the creation of regional investment institutions (to make good the lack of commercial appetite for regional business ventures); the introduction of integrated regional

government export advice centres; and a properly decentralised Civil Service. The Government is also the paymaster of the higher and further education sectors that have a substantial contribution to make and this must surely be designed into proposals.

Low interest rates make infrastructure a superficially attractive proposition but it must be justified in terms of its relative benefits within the entire spectrum of measures that are potentially available. Its importance must not be overrated.

This exercise is a massive and complex undertaking with diverse elements: local and national, private and public, established institutions and new ones. Government departments must be effectively engaged. Emerging businesses will require special attention. Local business services will need to be kept in touch. . Local business services will need to be kept in touch. There must be a learning system that develops knowledge of what works in what circumstances, how to roll out and revise. Predecessor programmes failed to offer a sufficiently comprehensive framework but are a starting point for such learning.

In reality this cannot mean that every town that has been hard hit by decades of decline will be comprehensively revived in these terms. It will be necessary to spread the effects of the employment regeneration into established towns that become new suburbs but with the arrival of remote working that distinction will become increasingly blurred.

A new regional geography

There is also a requirement, in my view, for the creation of large regional economic development areas to facilitate the process of regeneration. There may be a temptation to restrict attention to the midlands and the north but this will be rightly challenged by other regions facing neglect. For instance, there could be four such regions: the North from Cheshire to Cumbria and across to the east coast; the West Midlands from Shropshire to Wiltshire; the East from Lincolnshire to Suffolk; and the West from Cornwall to Wiltshire and possibly up to Gloucestershire and out to Hampshire.

These four regions would form a powerful arc around London and the South East. There would be no intention to redraw local government boundaries to achieve this. Each economic development region would be an amalgam of its various regional institutions. It would be designed to explore and refine the key development levers made available to it. It would provide the basis for the development of a country that is much more robust and interconnected than it is today.

Timescale

The displacement effects of Covid-19 and, to a lesser extent, Brexit are enormous. There is not the financial or organisational capacity to complete the levelling up process and other key Government commitments in the course of a single Parliament. This is a programme for the next decade. Nevertheless, this is the time to articulate the broad vision and present an outline programme of measures to give it effect. Early decisions must be taken on the first tranche of

initiatives linked to the vision. Perhaps initial proposals for the current Parliament could be developed for announcement alongside the postponed autumn budget if this were scheduled for the spring.

The rumoured relocation of a substantial proportion of the Treasury to Leeds could offer evidence of intent for an extensive programme of departmental relocations. Such a programme would be more about a shift in departmental attention to the regions than the regionalisation of public spending.

Future domestic issues

Of course there are many 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; the modernisation of the Civil Service and Cabinet Government; the future role of the armed services; and devolution within the UK. All these issues and more are important to the nation's development but they are inevitably subservient to the blue print for economic recovery and its key theme of levelling up opportunity.

Conclusion

In his recent speech to the Conservative Party conference the PM affirmed his intention 'to spread opportunity more widely and fairly'. It could be said that 'levelling up opportunity' is his key commitment to the country.

If this is the task then measures taken by Government must go far beyond a programme of infrastructure development since that cannot begin to have the impact required. The real task requires Government to take a major role, contributing muscle and breadth of attack.

The concept of levelling up opportunity must now be supported by a clearly articulated vision and an outline of the mechanisms for delivery and subsequent refinement over the next decade. This must constitute a key element of the early post-Covid economic revival. There may never be a better chance to put this vision into effect.

(1) David Fellows has worked extensively in UK local government and in the Cabinet Office as an advisor on local government reform. He is a director of PFMConnect, a public financial management consultancy:
david.fellows@pfmconnect.com

(2) A short video discussing the issues raised in this blog is available [here](#).

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.

(1) David Fellows has worked extensively in UK local government and in the Cabinet Office as an advisor on local government reform. He is a director of PFMConnect, a public financial management consultancy:
david.fellows@pfmconnect.com

