

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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[1] David Fellows is an accountant having worked extensively in UK local government, the Cabinet Office as an advisor on local government reform and as an international advisor to the South African National Treasury. He was a leader in the application of digital communication to UK public sector service delivery. He is a director of PFMConnect, a public financial management consultancy:
david.fellows@pfmconnect.com

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

COVID-19, Brexit and the Regions

by David Fellows (1)



The UK's ever expanding London-centred economy is destructive of communities in the regions and in London too. Continued progress in this direction will lead inevitably to an increasing displacement of community self-reliance by state provision for all aspects of personal wellbeing. In the December general election the UK Government challenged the prevailing London-centric economic and political orthodoxy by introducing a policy of 'levelling-up' for the regions.

In making this promise of greater opportunity for workers and businesses in the regions the Government clearly recognises the essential contribution of local government, employers, education sector, voluntary sector and many other representative bodies. It has regularly deferred to local responsibility and judgement as a driving force in this process of renewal. But the commitment to levelling-up is a

huge undertaking that cannot be delivered without coherent vision, leadership and major tangible contributions from Government.

The Government must, therefore, champion: greater higher education sector engagement with industry; the use of Government procurement to promote regional economies and help develop emerging businesses; a system of enterprise zones and free ports with special incentives for business to relocate and invest; the creation of regional investment institutions (to make good the lack of commercial credit particularly for regional business ventures); the introduction of integrated government export advice centres; and a decentralised Civil Service. To-date the Government's rhetoric has concentrated largely on transport infrastructure improvement which is just one part of the whole picture.

The Prime Minister has said that the Government will apply the concept of levelling-up to delivering the country's emergence from the effects of COVID-19. Presumably this recognises the need for greater self-sufficiency relevant to the country's health service supplies, reversal to some extent of the country's more general vulnerability of attenuated supply chains and the restoration of business confidence.

COVID-19 has demonstrated the relevance of home-based digital communication to this agenda. It has been used by ministers, MPs, civil servants, and very large numbers of employees in the public and private sector. It has supplanted most international business travel. This demonstrates that the proximity to London can no longer be regarded as essential for public or private sector business. The timing of Brexit is also relevant as it has provided an expectation of change and greater self-reliance, freed from the restrictions of

excessive EU regulation.

In this situation the regions can usefully provide more cost-effective corporate headquarters and ministerial offices located alongside major manufacturing plants and administrative centres. In personal terms, families can be freed from the anxiety of huge debt repayments for expensive and cramped accommodation in inner London or slightly larger but expensive accommodation in the London commuter belt. More affordable homes become feasible in places that can readily accommodate urban development with fewer people being uprooted to work in London.

The delivery of levelling-up has become both a test of political integrity and an appropriate form of recognition for the shared commitment and sacrifice that has been evidenced across the country and must continue in various ways for an indefinite period. It is an idea whose time has come.

[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