



The State of the State 2020–21

Government in the pandemic and beyond



Home

01

Foreword

Welcome to The State of the State

02

Executive summary

The State of the State

03

The state according to the public

Our citizen survey

04

The state according to the people who run it

Interviews with public sector leaders

05

Northern Ireland

The State of the State

06

Scotland

The State of the State

07

Wales

The State of the State

08

England

Regional dashboards

09

Conclusions

What this research means for the state

10

Contacts



Foreword

01 Foreword

02 Executive summary

03 The state according to the public

04 The state according to the people who run it

05 Northern Ireland

06 Scotland

07 Wales

08 England

09 Conclusions

10 Contacts

Welcome to *The State of the State 2020–21*.

Now in its ninth year, this report brings together Deloitte and Reform to reflect on new research into the issues facing government and public services across the UK. This year, that research focuses on the impact of the coronavirus pandemic both on the public sector and the public it serves. It comes as all nations of the UK face new lockdown measures designed to reduce transmission, manage demand on health services and ultimately save lives.

At the heart of the report is our exclusive citizen survey, which offers insight into perceptions of public services and public spending beyond COVID-19, as well as a public perspective on the government's 'levelling up' agenda.

That survey is complemented by our interviews with public sector leaders. This year, we spoke to 40 senior figures in government and public services, producing the most extensive qualitative research of its kind.

Thank you to all the leaders who shared their insight and extraordinary stories about how their organisation responded to the pandemic. As one senior civil servant told us, government did not have a manual for dealing with coronavirus, but the public sector's ongoing response is a testament to the talent of the people who lead it, who manage it and who deliver its services.



Jayson Hadley
UK Government & Public
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Executive summary

01 Foreword

02 Executive summary

03 The state according to the public

04 The state according to the people who run it

05 Northern Ireland

06 Scotland

07 Wales

08 England

09 Conclusions

10 Contacts

This year’s *State of the State* finds government and public services across the UK leading radical, exhaustive and dynamic responses to the coronavirus pandemic.

While that remains the public sector’s highest priority, the UK government has lost none of its ambition for commitments including a successful departure from the EU and levelling up the country’s regions. At the same time, the policies and politics of Northern Ireland, Scotland and Wales continue to diverge from Westminster and Whitehall, as well as each other. The *State of the State* explores all of these developments through two forms of exclusive research.

To understand public attitudes, Deloitte and Reform commissioned Ipsos MORI to survey more than 5,000 people on their views of government and public services. Then we interviewed more than 40 public sector leaders including permanent secretaries and other senior civil servants, chief constables, council chief executives, NHS leaders, education professionals and elected representatives. Together, this blend of quantitative and qualitative research gives us a view of the state according to the people who depend on it and the people who run it.

This executive summary sets out five central conclusions.

The public wants action on jobs and a green recovery but investment priorities vary by region

Our citizen survey asked the public about their expectations and priorities for government and society beyond the pandemic. It found:

- more than half the public, 58 per cent, believe opportunities for young people will be worse as a result of coronavirus
- when asked about their local economy, services and infrastructure, the biggest source of public dissatisfaction concerns jobs, with some 30 per cent saying they are dissatisfied with local job opportunities
- almost half the public, 48 per cent, expect higher spending after the pandemic than before and one third, 33 per cent, back higher taxes or borrowing to pay for more extensive spending
- when asked to make local investment choices, the public’s top five priorities were health, social care, crime, housing and job opportunities
- nearly half the public, 46 per cent, believe that pursuing a green recovery will help boost the economy while less than a fifth think it will have the opposite effect

- people who use a public service are more likely to be satisfied with it – especially when it comes to education. While half the public say they are satisfied with schools, that figure rises to 70 per cent among parents of school children
- some 42 per cent believe that community spirit will have improved and 41 per cent believe that levels of innovation in business will have improved after the pandemic.

“This blend of quantitative and qualitative research gives us a view of the state according to the people who depend on it and the people who run it.”



01 Foreword

02 Executive summary

03 The state according to the public

04 The state according to the people who run it

05 Northern Ireland

06 Scotland

07 Wales

08 England

09 Conclusions

10 Contacts

Our survey also asked the public what they believe is better or worse about their region compared to the rest of the UK. We found that people in the North East for example, feel particularly underserved when it comes to local job opportunities, local amenities and skills provision while local transport joins jobs as key issues for those in Yorkshire & Humberside. Londoners, by contrast, would like to see greater investment in policing and housing, and are also concerned by the quality of their local environment. Ultimately this regional level analysis points to what the people of each region would like to see ‘levelled up’.

Levelling up has widespread support but now needs to be defined, devolved and delivered

Our interviews with public sector leaders found enthusiastic support for the levelling up agenda, but suggest that government now needs to bring clarity to its scope, its delivery and the devolution required to make it happen. *The State of the State* concludes that a single levelling up plan should draw together government’s existing programmes for infrastructure spending, skills, devolution, a net zero economy, industrial strategy and more into a cohesive, cross-departmental programme. That programme could be linked to a range of trackable indicators, based on both people and place, to monitor and guide progress.

Devolved arrangements are widely seen by public sector leaders as key to the successful delivery of levelling up. However, formal devolution arrangements are not in place consistently across England. In order to move ahead with levelling up, *The State of the State* concludes that place-based partnership arrangements could be formed between central

government and local areas that bring together national government with the local public sector, local businesses and the third sector. Those partnerships could align priorities, agree investment programmes and co-ordinate activities under accountability arrangements that would support the move towards more formal devolution.

Government needs to capture evidence now to secure a pandemic legacy

Our interviews with public sector leaders found many hoping to retain the agility with which their organisations responded to the coronavirus pandemic. They told us how those responses were characterised by rapid decision-making, accelerated digital transformation, greater collaboration and a successful shift to remote working. While most want to retain elements of those new ways of working, many sense a gravitational pull back to normality.

The State of the State concludes that departments and agencies should capture evidence on their organisation’s response to COVID-19 while they can – and use that evidence to make informed and deliberate decisions in the months ahead. That includes strategic choices on their real estate needs and remote working which need to be grounded in evidence rather than the preferences and instincts of those making them.

“Our interviews with public sector leaders found enthusiastic support for the levelling up agenda, but suggest that government now needs to bring clarity to its scope, its delivery and the devolution required to make it happen.”



01 Foreword

02 Executive summary

03 The state according to the public

04 The state according to the people who run it

05 Northern Ireland

06 Scotland

07 Wales

08 England

09 Conclusions

10 Contacts

Government needs to continue building both capability and consent to become data-driven

Interviews for *The State of the State* found that public sector leaders see better use of data as central to the future of government. However, they told us that their organisations struggle with data literacy, and that consent over data sharing needs to be built over time, both across the public sector and with the public.

Our survey found that:

- the public are split on the overall concept of data sharing across government, with 36 per cent saying that their data should be shared and 37 per cent saying it should not
- when asked about different types of data, the public report relatively high levels of comfort with government and public services using most types. Some 72 per cent, for example, are comfortable with government using their ethnicity data to make decisions – although this falls to 62 per cent among people from ethnic minorities
- the public increasingly trust the NHS with data more than any other part of the public sector, with 42 per cent saying they trust the NHS – up from 36 per cent in 2014.

Our report concludes that government should continue to pursue a more data-driven approach to policymaking and delivery, while simultaneously building consent with the public and across the public sector by providing clear explanations about the data that is being shared and the benefits of its use.

Policies, politics and public attitudes continue to diverge across the UK's nations

The UK's devolved governments continue to diverge from Westminster and Whitehall, as well as each other. The past year has seen the governments of Scotland and Wales increasingly flexing the fiscal powers devolved to them in the wake of 2014's Scottish independence referendum, and the return of a Northern Ireland Executive after a three year absence. These developments and others inevitably lead to some strained politics – but that is inherent in mature devolved arrangements. Debate on further devolution is likely to ramp up in 2021 as elections take place for the Scottish and Welsh governments, fiscal arrangements are formally reviewed, post-COVID-19 recovery shines a spotlight on the extent of devolved economic powers and EU exit puts Northern Ireland at the centre of implementation complexities.

“The public increasingly trust the NHS with data more than any other part of the public sector.”

Our survey found some notable differences in emphasis among the public across the UK's nations:

- Northern Ireland's public are most likely to believe that taxes and spending are set to rise after the coronavirus pandemic. Looking ahead, they are particularly worried about transport links to the rest of the UK, local public transport and job opportunities
- Scotland is the UK nation most keen for higher taxes and higher public spending, but also the most worried for the future of public services and opportunities for young people
- The Welsh public are particularly satisfied with their local environment and levels of safety from crime but want to see investment in local public transport as well as transport links to the rest of the UK
- Levels of trust in government's use of data vary across the devolved governments. People in Scotland and Wales, for example, are substantially more likely to trust the Scottish and Welsh governments with their data than the UK government.



01 Foreword

02 Executive summary

03 The state according
to the public

04 The state according to
the people who run it

05 Northern Ireland

06 Scotland

07 Wales

08 England

09 Conclusions

10 Contacts

The state according to the public

Our citizen survey



01 Foreword

02 Executive summary

03 The state according to the public

04 The state according to the people who run it

05 Northern Ireland

06 Scotland

07 Wales

08 England

09 Conclusions

10 Contacts

This year's *State of the State* once again features an extensive survey of citizen attitudes towards some of the most relevant and pressing issues facing the UK.

This year, we commissioned Ipsos MORI to survey more than 5,000 members of the public on attitudes to the government, public services and local economies. The survey shows how people feel about tax, spending and public service priorities amid the COVID-19 pandemic. It also explores attitudes towards data sharing with and across government, which remains a central part of the public sector's response to the pandemic as well as one of its ongoing aspirations for future reform. And as the government takes forward its levelling up agenda, the survey unpicks what levelling up might mean to the public as well as what each region wants to see levelled up in their area.

“The survey shows how people feel about tax, spending and public service priorities amid the COVID-19 pandemic.”

Methodology

Deloitte commissioned Ipsos MORI to survey 5,574 UK adults aged 16–75. Interviews were conducted online, between 21 August and 2 September with quotas set to reflect the known profile of the UK adult offline population by age, gender, region and working status.

Results have been weighted to account for any shortfall in quotas and additional weights by education and age within regions have also been applied.

A boost sample was achieved in each of the UK nations of Scotland, Wales and Northern Ireland. In total 877 interviews were achieved in Scotland, 515 in Wales and 420 in Northern Ireland.

Where responses do not sum to 100 this is due to computer rounding or multicode questions.



01 Foreword

02 Executive summary

03 The state according to the public

04 The state according to the people who run it

05 Northern Ireland

06 Scotland

07 Wales

08 England

09 Conclusions

10 Contacts

Key insights

Our survey provides ten insights into public attitudes on the state:



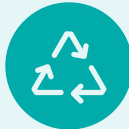
1. Local job opportunities are the public's biggest cause of dissatisfaction



2. The public are worried about young people after COVID-19, but are more hopeful for community spirit and business innovation



3. Half the public are expecting higher public spending and higher tax or borrowing after the pandemic compared with before



4. Nearly half the public believe that pursuing a green recovery will boost the economy



5. What people want levelled up varies by region and nation



6. Public priorities for more investment are health, social care, crime, jobs and housing



7. The public are split on whether departments should share their data within government



8. Attitudes to the public sector's use of personal data vary by data type



9. Older people are slightly more likely to back data sharing across government for its benefits



10. The public increasingly trust the NHS with data more than any other part of the public sector and many private sector organisations



01 Foreword

02 Executive summary

03 The state according to the public

04 The state according to the people who run it

05 Northern Ireland

06 Scotland

07 Wales

08 England

09 Conclusions

10 Contacts



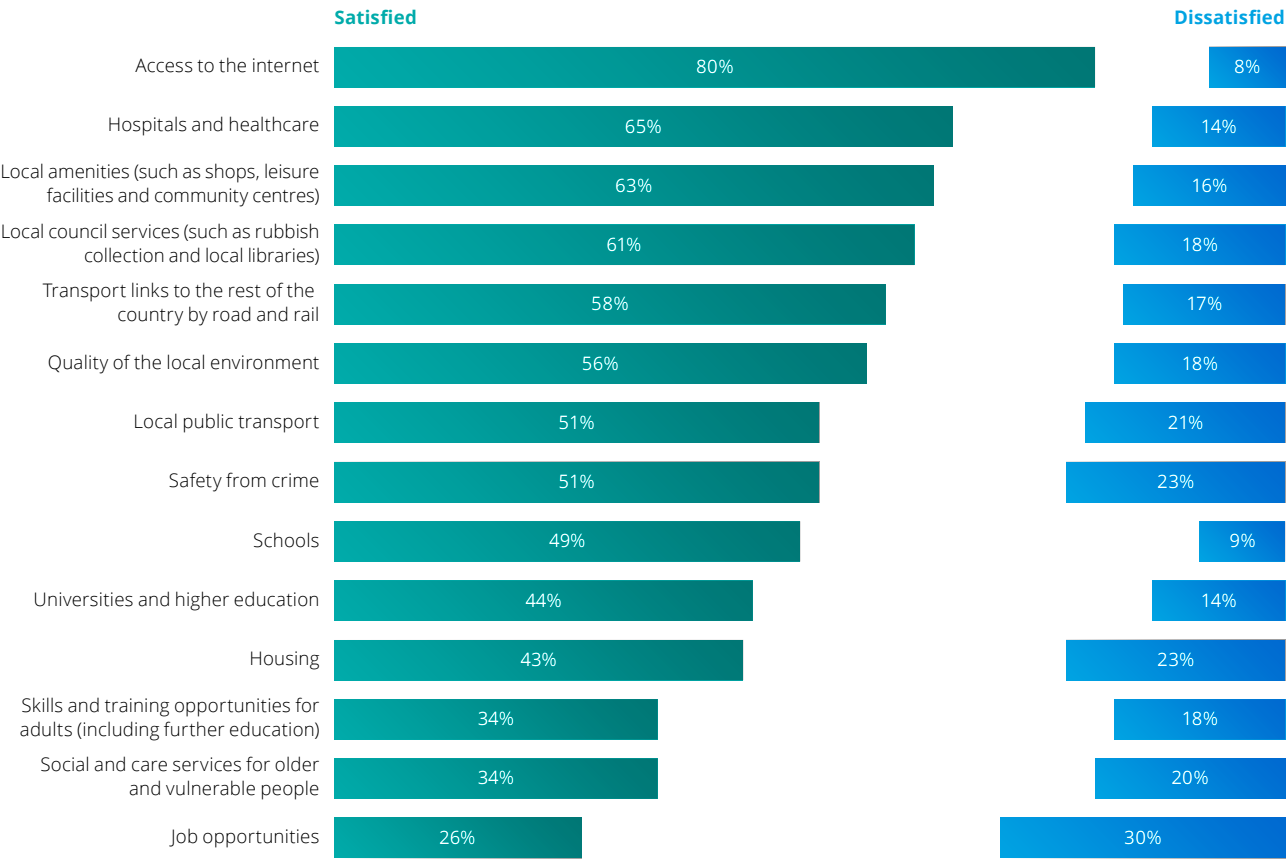
1. Local job opportunities are the public's biggest cause of dissatisfaction

Our survey asked people to tell us if they were satisfied or dissatisfied with different elements of their local economy, infrastructure and services. Overall, we found that the biggest cause of dissatisfaction relates to job opportunities, with housing and safety from crime joint second, as shown in Figure 1.

When it comes to public services, our survey found that people are far more satisfied if they actually use a service compared to those that don't, and that is especially true in education. While 49 per cent of the general public say they are satisfied with schools, some 70 per cent of people who come into contact with them say they are satisfied. Similarly, while 44 per cent of the public are satisfied with universities, that figure rises to 61 per cent among students.

“When it comes to public services, our survey found that people are far more satisfied if they actually use a service.”

Figure 1. Thinking about your local area specifically, to what extent are you satisfied or dissatisfied with each of the following at present?



Base: 5,574 UK adults aged 16-75



01 Foreword

02 Executive summary

03 The state according to the public

04 The state according to the people who run it

05 Northern Ireland

06 Scotland

07 Wales

08 England

09 Conclusions

10 Contacts



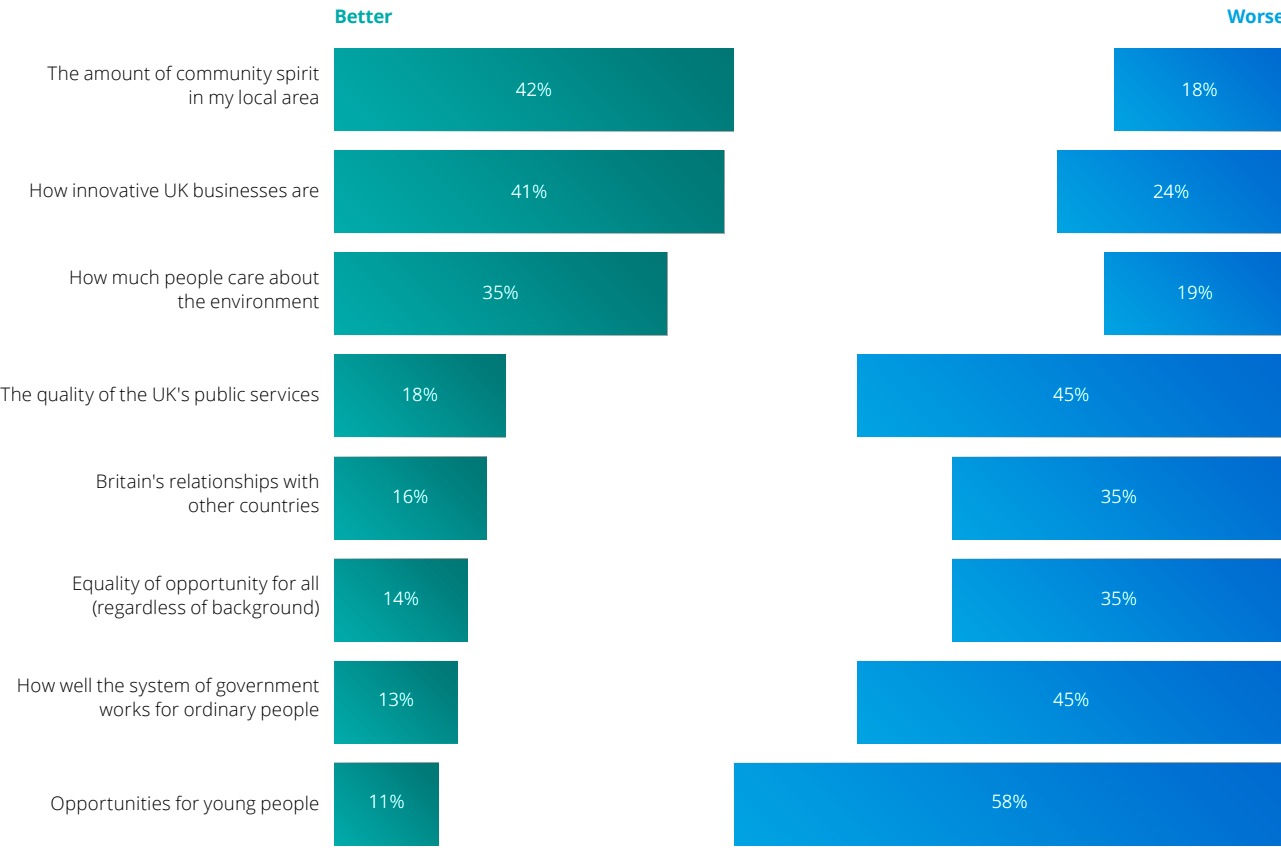
2. The public are worried about young people after COVID-19, but are more hopeful for community spirit and business innovation

Our survey asked people what they believe will get better, get worse or stay the same after the pandemic. We found that the majority of the public think opportunities for young people will be worse. However, more people than not are optimistic for an uplift in levels of community spirit where they live.

Some 45 per cent of the public also said that they think the quality of public services will be worse after the pandemic, with the over 55s in particular expressing concern. The same proportion believe that the way government works for ordinary people might also get worse, suggesting that the sense of disenfranchisement and disconnection from the political system debated in recent years still remains.

“We found that the majority of the public think opportunities for young people will be worse.”

Figure 2. To what extent, if at all, do you think each of the following will change for the better or worse as a result of the coronavirus pandemic, or do you think it will have little impact?



Base: 5,574 UK adults aged 16-75



01 Foreword

02 Executive summary

03 The state according to the public

04 The state according to the people who run it

05 Northern Ireland

06 Scotland

07 Wales

08 England

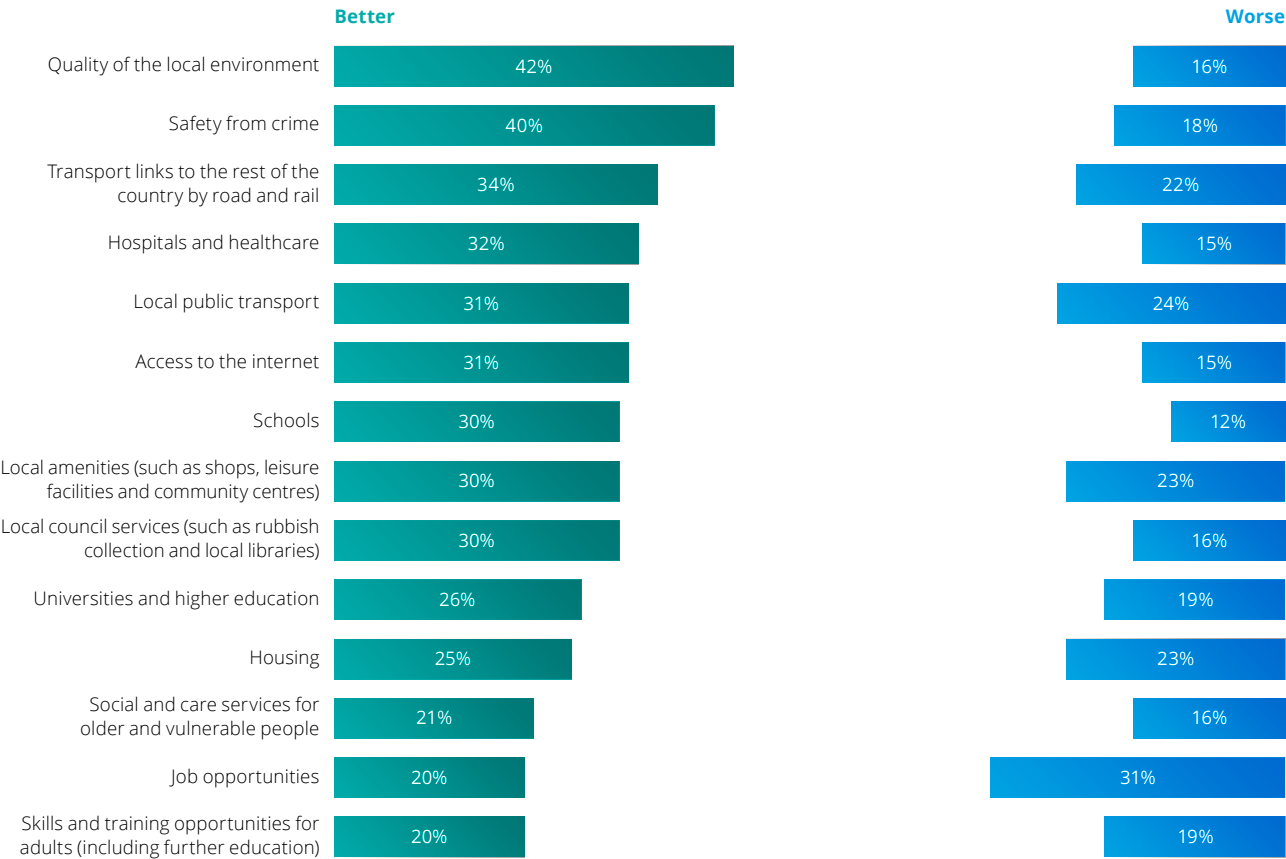
09 Conclusions

10 Contacts

Our survey asked whether people thought their area is better or worse than the rest of the UK, using the same list of factors. As Figure 3 shows, three in ten of the public believe job opportunities are better elsewhere. That stands out as the economic factor that the public is most likely to see as worse in their area than in any other.



Figure 3. Do you think each of the following are better or worse in your local area than elsewhere in the UK?



Base: 5,574 UK adults aged 16-75



01 Foreword

02 Executive summary

03 The state according to the public

04 The state according to the people who run it

05 Northern Ireland

06 Scotland

07 Wales

08 England

09 Conclusions

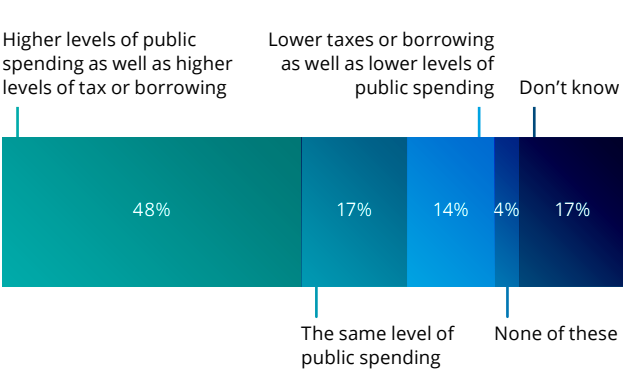
10 Contacts



3. Half the public are expecting higher public spending and higher tax or borrowing after the pandemic compared with before

We asked the public for their prediction on whether the government will tax or borrow and spend more or less after the pandemic compared with before, and found that almost half believe taxes and spending will go up. Less than a sixth believe they will go down and a similar proportion believe they will stay the same.

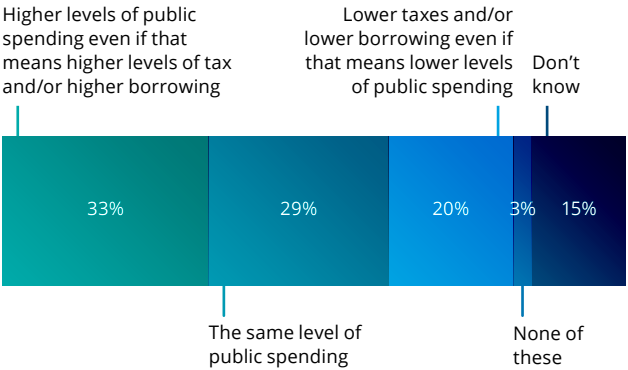
Figure 4. What do you think will happen to the balance between public spending and tax (or borrowing) in the UK after the coronavirus has eased, compared with before the coronavirus started?



Base: 5,574 UK adults aged 16-75

We also asked people about their personal preference for tax and spending, and found that a third of the public would back higher levels of government spending and higher taxes or more government borrowing compared to one fifth who want to see lower taxes and lower public spending. Drilling into the data, graduates and people over 55 were significantly more likely to back higher spending and higher taxes.

Figure 5. Thinking to the future after coronavirus crisis has eased, what do you think should be UK government policy for the balance between public spending and the levels of taxation and public borrowing?



Base: 5,574 UK adults aged 16-75

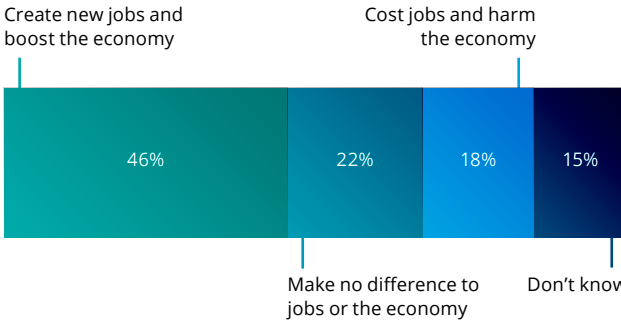


4. Nearly half the public believe that pursuing a green recovery will boost the economy

Our survey asked the public if they think that pursuing a green economic recovery, for example by investing in renewable energy, would create jobs and boost the economy. We found that nearly half think that it would.

Figure 6. If the government chooses to tackle pollution and climate change in plans for economic recovery by, for example, investing in renewable energy and electric vehicles, which of the following is closest to your view?

Tackling climate change in the economic recovery from coronavirus will...



Base: 5,574 UK adults aged 16-75



01 Foreword

02 Executive summary

03 The state according to the public

04 The state according to the people who run it

05 Northern Ireland

06 Scotland

07 Wales

08 England

09 Conclusions

10 Contacts



5. What people want levelled up varies by region

Our survey data highlights which elements of local economies, services and facilities people feel are better in the rest of the UK compared to where they live. In other words, it points to what people would like to see ‘levelled up’.

Figure 7 is a summary view of what people feel is significantly better or worse about their region compared to the national average. So for example, Londoners are particularly likely to think the capital’s housing, crime and the local environment are worse than the rest of the UK. In contrast, people in the North East are particularly likely to feel that job opportunities, schools, local amenities such as leisure facilities, transport links and skills provision need to be levelled up to equal the rest of the UK.

It is important to recognise that these are relative measures and regions are highlighted where they differ positively or negatively from the UK average. For example, while people in Scotland are less positive about their internet access compared to parts of the UK, they are still positive about it – just less so than the UK average.

Figure 7. What people see as better or worse

Regions	Hospitals and healthcare	Social and care services	Safety from crime	Job opportunities	Housing	Schools	Quality of the local environment	Local public transport	Local council services	Local amenities	Skills and training for adults	Internet access	Transport links elsewhere	Universities and HE
North East England	—	—	—	👍	—	👎	—	—	—	👎	👎	—	👎	—
North West England	—	—	👎	👎	—	—	👎	👎	👎	👎	—	—	—	—
Yorkshire and Humberside	—	—	👎	👎	—	👎	👎	👎	—	—	—	—	👎	—
West Midlands	—	—	—	—	—	—	—	—	—	—	—	—	👍	—
East Midlands	👎	—	👍	—	—	👎	—	👎	—	👎	👎	👎	👎	👎
East of England	—	—	👍	—	👍	—	👍	👎	—	—	—	—	👎	—
South West England	—	—	👍	👎	—	—	👍	👎	—	👎	👎	👎	👎	👎
South East England	—	👍	👍	👍	👍	👍	👍	—	—	👍	—	—	—	—
London	👍	—	👎	👍	👎	👍	👎	👍	👍	👍	👍	👍	👍	—
Wales	👎	—	👍	👎	—	👎	👍	👎	👎	👎	👎	👎	👎	—
Scotland	👍	👍	👍	👎	👍	👍	👍	—	—	—	—	👎	👎	👍
Northern Ireland	👎	—	👍	👎	👍	👍	👍	👎	—	—	—	👎	👎	—



Significantly better



Average



Significantly worse



01 Foreword

02 Executive summary

03 The state according to the public

04 The state according to the people who run it

05 Northern Ireland

06 Scotland

07 Wales

08 England

09 Conclusions

10 Contacts



6. Public priorities for more investment are health, social care, crime, jobs and housing

Our survey asked people to allocate how they would spend extra public money in their area. We asked them to divide 100 points across local services, infrastructure and facilities, and the UK average results are shown in Figure 8.

It shows that the public would tend to weight their spending towards healthcare, but it's notable that many would also invest in social and care services, perhaps highlighting growing public concerns about care. Housing and job opportunities are joint third highest priorities.

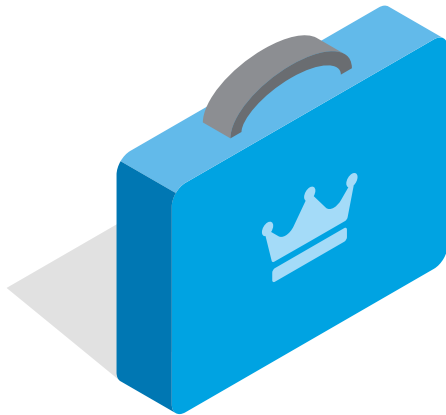
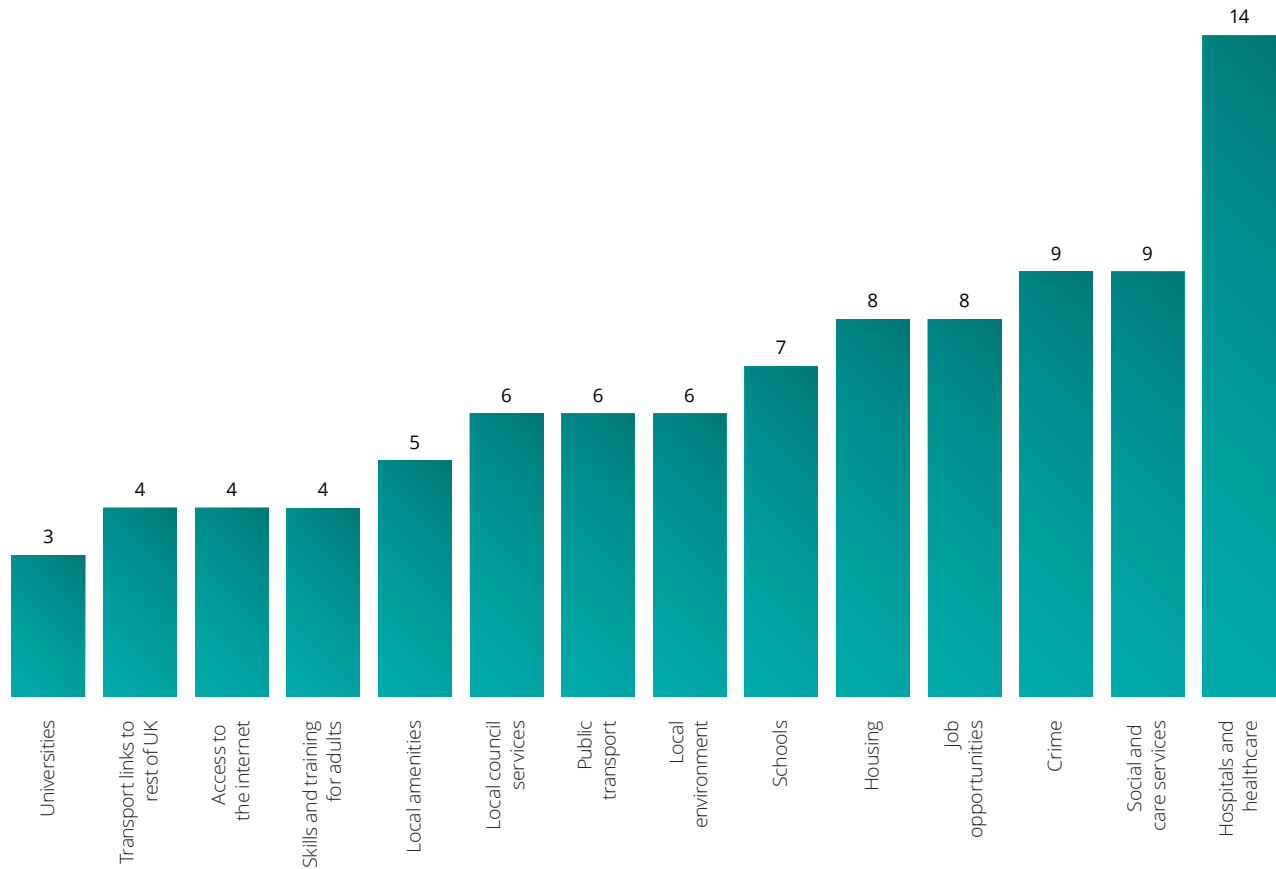


Figure 8. Imagine you have 100 points available to you that represent money which can be spent to improve public services and facilities in your local area. How would you divide the points across the following public services?



Base: 5,574 UK adults aged 16-75



01 Foreword

02 Executive summary

03 The state according to the public

04 The state according to the people who run it

05 Northern Ireland

06 Scotland

07 Wales

08 England

09 Conclusions

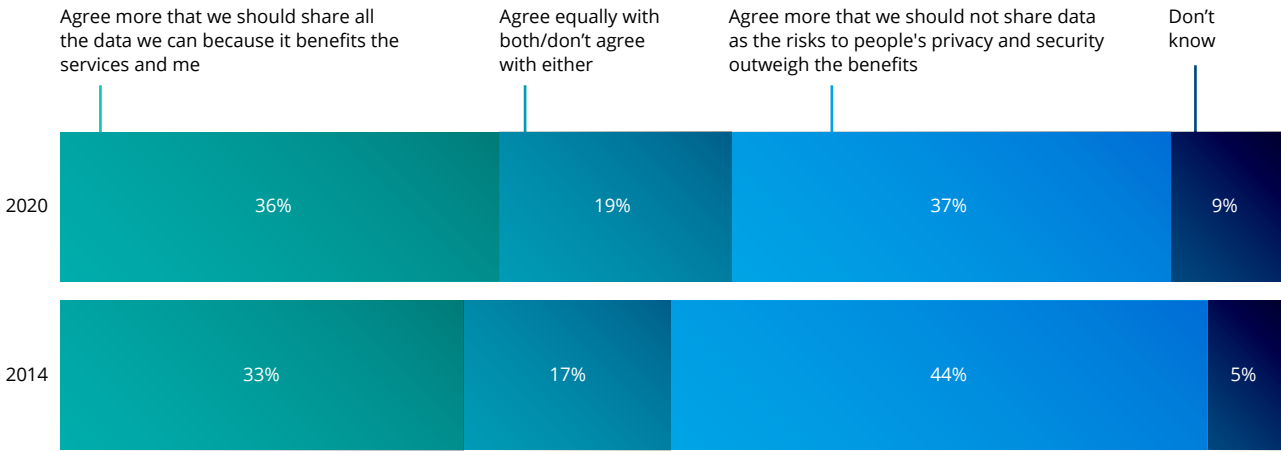
10 Contacts



7. The public are split on whether departments should share their data within government

When COVID-19 was declared a global pandemic, the UK government eased regulations around data sharing within the public sector as part of its emergency response. Our survey explores what the public think about government departments and agencies sharing their data, and we found that the public are split on whether it should be freely shared within government, with some 36 per cent saying that it should and 37 per cent arguing it should not. However, attitudes towards data sharing appear to have improved since the question was last asked in 2014, as Figure 9 illustrates.

Figure 9. As you may know, different government departments and services collect data about individuals, for example your tax records and health records. People have different views on how much this information should be shared within government. Data sharing can bring benefits, such as finding more effective medical treatments, using information about local communities to plan local schools or roads, etc. But some people worry that data sharing will be a risk to their privacy and security, by linking different types of data together and potentially allowing them to be identified. Overall, which of the following statements is closest to your view?



Base: 5,574 UK adults aged 16-75

“When COVID-19 was declared a global pandemic, the UK government eased regulations around data sharing within the public sector.”



01 Foreword

02 Executive summary

03 The state according to the public

04 The state according to the people who run it

05 Northern Ireland

06 Scotland

07 Wales

08 England

09 Conclusions

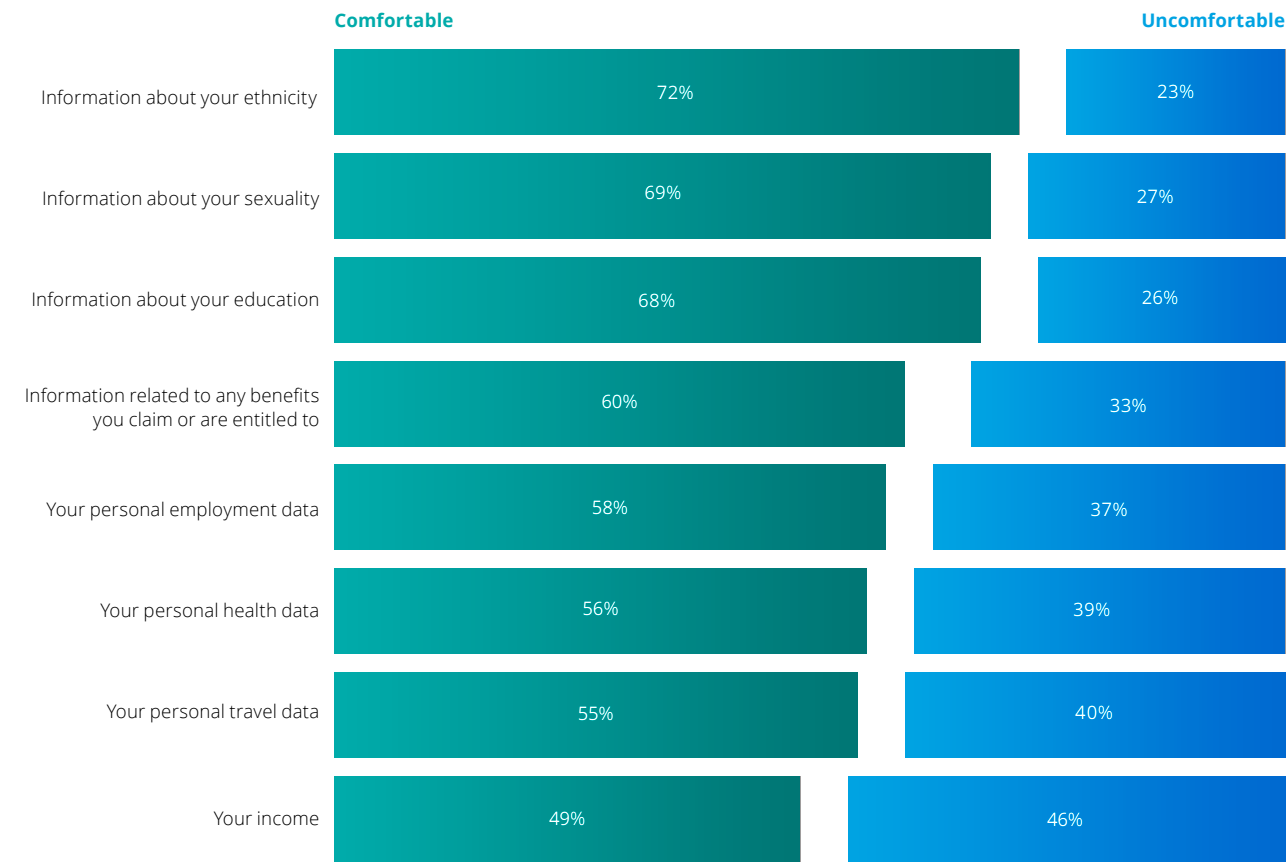
10 Contacts

8. Attitudes to the public sector’s use of personal data vary by data type

Our survey found that people are relatively comfortable with the public sector’s use of their data to make decisions, but comfort levels vary by data type. As Figure 10 shows, almost three-quarters of the public are comfortable with data on their ethnicity being used, but only half are comfortable with government using data on their income. However, some important variances exist within these comfort levels. For example, people from ethnic minorities are notably less comfortable with government using their ethnicity data, with 62 per cent saying they are comfortable and 34 per cent uncomfortable.

“Our survey found that almost three-quarters of the public are comfortable with data on their ethnicity being used.”

Figure 10. Thinking about your personal information specifically, how comfortable, if at all, would you be with government and other public services using each of the following to make decisions about public services?



Base: 5,574 UK adults aged 16-75



01 Foreword

02 Executive summary

03 The state according to the public

04 The state according to the people who run it

05 Northern Ireland

06 Scotland

07 Wales

08 England

09 Conclusions

10 Contacts



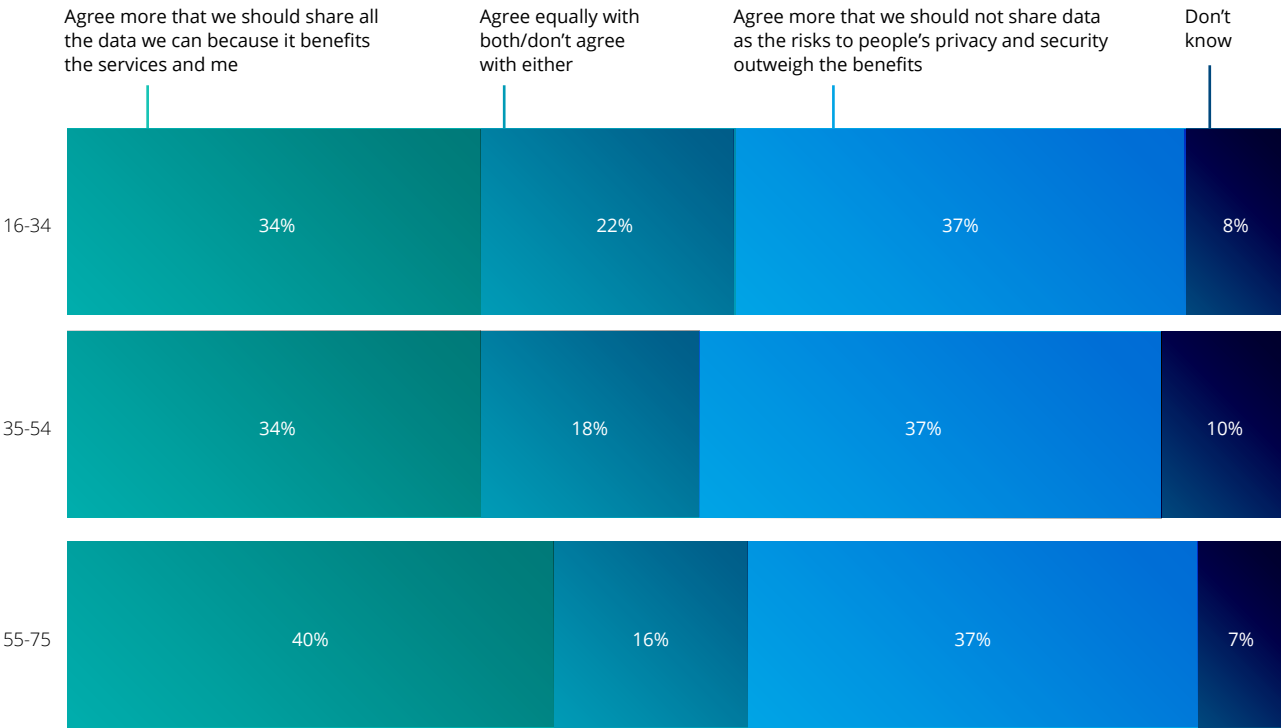
9. Older people are slightly more likely to back data sharing across government for its benefits and many private sector organisations

Our survey found that older people are more likely to back data sharing across government for its benefits. As Figure 11 shows, 40 per cent of the over 55s believe data should be shared for its benefits compared to 34 per cent in other age groups.

Drilling further into this data, we also found that younger people between 16 and 34 are less uncomfortable than other age groups with government using their health and income data to make decisions.

“40 per cent of the over 55s believe data should be shared for its benefits.”

Figure 11. As you may know, different government departments and services collect data about individuals, for example your tax records and health records. People have different views on how much this information should be shared within government. Data sharing can bring benefits, such as finding more effective medical treatments, using information about local communities to plan local schools or roads, etc. But some people worry that data sharing will be a risk to their privacy and security, by linking different types of data together and potentially allowing them to be identified. Overall, which of the following statements is closest to your view?



Base: 5,574 UK adults aged 16-75



01 Foreword

02 Executive summary

03 The state according to the public

04 The state according to the people who run it

05 Northern Ireland

06 Scotland

07 Wales

08 England

09 Conclusions

10 Contacts



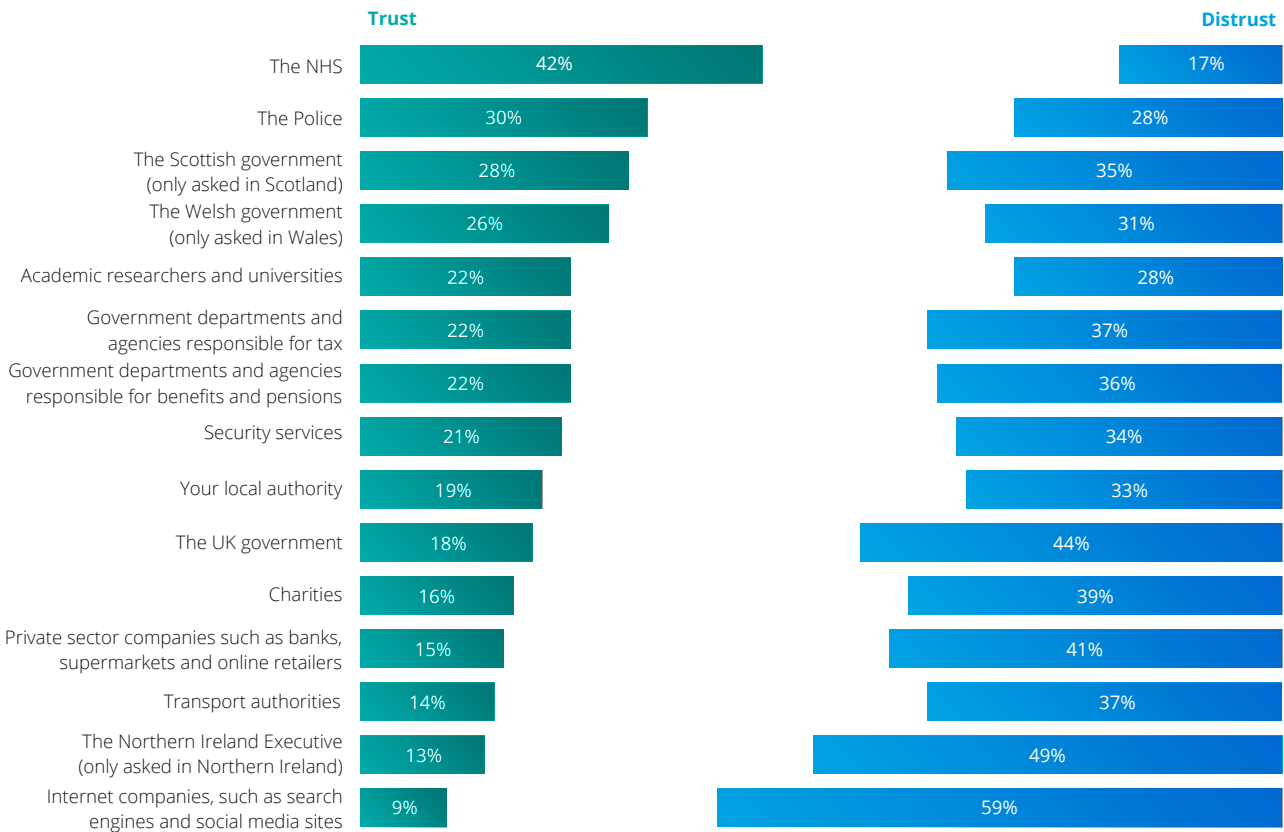
10. The public increasingly trust the NHS with data more than any other part of the public sector

Our survey explored which parts of the public sector are trusted most to use people’s data appropriately. We found that the NHS is the most trusted part of the sector by some margin – and that trust has improved by six percentage points since the question was last asked six years ago.

Figure 12 shows levels of trust across a range of government functions, and shows that they vary significantly between the devolved administrations and the UK government. People in Scotland and Wales are much more likely to trust their national governments with their data than Whitehall.

“We found that the NHS is the most trusted part of the sector by some margin.”

Figure 12. On a score of 0-10 how much do you personally trust each of the following to use your personal data appropriately? 0 means you do not trust it at all, and 10 means you have complete trust in it. Percentages show scores of 8-10 in trust and 0-4 in distrust.



Base: 5,574 UK adults aged 16-75



01 Foreword

02 Executive summary

03 The state according
to the public

04 The state according to
the people who run it

05 Northern Ireland

06 Scotland

07 Wales

08 England

09 Conclusions

10 Contacts

The state according to the people who run it

Our interviews with
public sector leaders





01 Foreword

02 Executive summary

03 The state according to the public

04 The state according to the people who run it

05 Northern Ireland

06 Scotland

07 Wales

08 England

09 Conclusions

10 Contacts

Public sector leaders are uniquely placed to comment on the state of the state.

To inform our report, we spoke to more than 40 senior figures from England, Scotland, Wales and Northern Ireland including permanent secretaries and other senior civil servants, chief constables, council chief executives, NHS leaders, education professionals and elected representatives. We also spoke to senior representatives from the business community who engage with the public sector on economic development. We then assessed all of our interview data and present key findings as below. This forms the most extensive annual qualitative research of its kind and gives an unparalleled view of the public sector from the people who run it.

Please note that each interviewee is expressing their own, individual opinion and their views are not necessarily shared by Deloitte or by Reform.



1. 2020 has seen government and public services deliver for the country



2. Leaders want to retain the agility they found in the pandemic but sense a drift back to normality



3. Unwinding government's economic intervention is a looming challenge



4. The public sector estate and ways of working may change but leaders are yet to decide how



5. Civil Service reform plans are welcome but will require cultural change in Whitehall



6. The future is data-driven but government needs to build consent and capability



7. Exiting the EU is a chance to rethink the UK's place in the world but officials urge businesses to be ready



8. Levelling up is right for the UK but it needs definition and devolution to drive delivery



9. Levelling up and a green recovery will not happen without investment in skills



10. Macro choices for the NHS and social care still lie ahead



11. Diversity and legitimacy are front of mind for police leaders



12. Local government faces a perfect storm of heightened demand and reduced income.



01 Foreword

02 Executive summary

03 The state according to the public

04 The state according to the people who run it

05 Northern Ireland

06 Scotland

07 Wales

08 England

09 Conclusions

10 Contacts



1. 2020 has seen government and public services deliver for the country

One consistent theme across our interviews with public sector leaders this year was the tireless work done by government and public services as they responded to the COVID-19 pandemic.

Leaders told us how their organisations shifted to remote working with little disruption, and played their part in the national response with boldness, innovation, collaboration and hard work.

- Central Government
- Local Government
- Non-Departmental Public Body
- NHS
- Police

66

When you have an emergency, things get done quickly and firms stepped up to the plate."

66

The NHS triumphed... if you throw something at the NHS, it thrives."

66

Local authorities were putting systems in place to support vulnerable people that were remarkable, and it's taught the country we can do radical things like feed children in the holidays."

66

The real challenge in February and March was that this thing was landing and we didn't know anything about it. Now we're testing 200,000 people a day and we can track it around the country."

66

Government made some big decisions but sometimes there was a lack of consultation with the people that had to deliver them."

66

There was no manual for this."

66

We've been on the cusp of making GP appointments online for years and suddenly we can do it".

66

Police officers weren't getting clapped like the NHS but they were dealing with the sudden deaths, and that's awful and distressing for anyone."



01 Foreword

02 Executive summary

03 The state according to the public

04 The state according to the people who run it

05 Northern Ireland

06 Scotland

07 Wales

08 England

09 Conclusions

10 Contacts



2. Leaders want to retain the agility they found in the pandemic but sense a drift back to normality

As the COVID-19 pandemic landed in March 2020, the UK's governments and public services expedited decision making, broadened risk appetites and eased regulations in order to act at pace and scale.

Public sector leaders now want to retain that agility – but many believe the sector is likely to drift back to normality unless its leaders intervene. That's why some told us they are reviewing lessons learned during the pandemic in a bid to lock-in new ways of working.

Others said they hope to see government more widely learn lessons from the pandemic, not just in its ways of working, but in its policymaking.

In local government, chief executives also told us that dealing with the pandemic has improved their relationships with the voluntary sector and they aim to maintain those partnerships going forward.

- Central Government
- Local Government
- Parliament
- NHS

66

Obviously we wish none of this had ever happened, but what was quite liberating from a leadership perspective is that the bureaucracy relaxed enormously."

66

I hope we don't go back to the way we were but it's like a diet – we'll slowly put the pounds back on."

66

This has improved our relationships with the third sector. The money from government has run out, but we want to keep working with them because they can be the more cost-effective route."

66

The natural instinct of policymakers is to get back to normal, and that would be a mistake."

66

As we start forming our thinking on the next set of transformation, I am listening to the language of old ways of working creeping back in."

66

We're going to look at lessons learned and one will be delegation, so more decisions can be made swiftly".

66

There's a gravitational pull back to normality but there's a long term opportunity to change cultures and make us more effective."



01 Foreword

02 Executive summary

03 The state according to the public

04 The state according to the people who run it

05 Northern Ireland

06 Scotland

07 Wales

08 England

09 Conclusions

10 Contacts



3. Unwinding government's economic intervention is a looming challenge

On 11 March 2020, COVID-19 was officially designated as a pandemic by the World Health Organisation. That same day, Chancellor Rishi Sunak gave his first Budget and set out the government's initial raft of emergency measures to support the economy.

No-one we interviewed for *The State of the State* questioned the scale of the government's economic intervention. But inevitably, many have begun to consider how the government will successfully scale back its support over the months to come.

In the local public services, leaders expressed concerns about the future funding for their organisations given the new pressure on the public finances.

- Local Government
- Parliament
- Business

66

When does the window close on cheap borrowing for governments? That's the question."

66

The fear is that support will end abruptly and that will cause unemployment and state growth that generations after us will have to pay for."

66

We have no idea about covering the cost of what's got us through this and it involved a lot of government largesse."

66

The laws of economic and fiscal policy were suspended and now people in government are wondering how we can revert. We have flooded the country with free leverage, but we don't know how to unwind from here."

66

Without a strong economy, funding for public services gets difficult and there's a direct relationship between economic failure and demand for public services."



01 Foreword

02 Executive summary

03 The state according to the public

04 The state according to the people who run it

05 Northern Ireland

06 Scotland

07 Wales

08 England

09 Conclusions

10 Contacts



4. The public sector estate and ways of working may change but leaders are yet to decide how

As the COVID-19 lockdown began in March 2020, departments and agencies across the public sector successfully managed a transition to remote working. Public bodies are now exploring what form of remote working could be here to stay – along with the longer-term implications for their office needs and ways of working.

However, while the pandemic remains live and expectations on returning to work keep changing, leaders are reluctant to form a permanent view.

In the UK's central governments, officials are considering both the cost savings of reduced office space and the access to wider pools of talent that new ways of working could bring. In local government, executives are inevitably attuned to the impact on city centres if their employees remain at home. Overall, our research found that leaders vary in their appetites for remote working in the long term but the most developed thinking is focusing on how best to use time in person as part of a blended model.

- Central Government
- Local Government
- Parliament

66

We were looking at our estate but now we have no idea what our needs will be on headcount or desk space."

66

Big office occupiers that used to let their people work from home one day a week are now telling them to do what they want and the implications for city centres are huge."

66

Between now and February, we'll be doing concerted work into the different ways people want to work. But I don't expect us to flip from being office based to being home based."

66

We're thinking about our space and the time we spend together. We're thinking for big, set-piece meetings where we go through papers and make choices, that could be done online. And then every two months we could come together in person to be more creative, plan ahead and socialise. Ideally I'd love to see us more like that. But the most likely thing is we go back to how it was before but with a bit of change around the edges. But if this goes on another year, we have the opportunity to change peoples' habits."

66

Anyone arriving at a permanent conclusion on how work will change ahead of a vaccine is being naïve."

66

Geography is irrelevant and you've got to think about how this means we can access talent from around the country."



01 Foreword

02 Executive summary

03 The state according to the public

04 The state according to the people who run it

05 Northern Ireland

06 Scotland

07 Wales

08 England

09 Conclusions

10 Contacts



5. Civil Service reform plans are welcome but will require cultural change in Whitehall

Early this summer, Cabinet Office Minister Michael Gove gave a speech on his vision for the Civil Service. He argued that Whitehall needs to be better skilled in the use of data, civil servants should build expertise by staying in role longer, and more officials should work outside London.

Our interviews suggest that senior civil servants agree with those proposals. However, some acknowledged that meaningful change will require a fundamental cultural shift in the government machine.

Several officials also told us that government’s COVID-19 response shined a spotlight on a lack of interoperability between departments, and moving people between departments to support resource gaps is more difficult than it should be.

Collaboration and departmental boundaries came up in many of our conversations, with officials recognising that silo working in government remains a concern.

- Central Government
- Parliament

66

I support what Michael Gove said on data and evidence, on moving too quickly between jobs and on relocation outside of London. But we’ve failed on all three fronts many times and we will again if we don’t reconsider how stitched-in to these things we are.”

66

Interoperability is the issue. Just moving people between departments is a major administrative exercise.”

66

We end up in turf wars or people stay away from boundaries, and that’s even worse because it leaves gaps.”

66

When you’re a minister, people around you suddenly disappear and there’s a shortage of real expertise.”



01 Foreword

02 Executive summary

03 The state according to the public

04 The state according to the people who run it

05 Northern Ireland

06 Scotland

07 Wales

08 England

09 Conclusions

10 Contacts



6. The future is data-driven but government needs to build consent and capability

Our interviews with public sector leaders raised two issues that prevent government from making full use of data.

The first is data literacy among officials, which has for some time been recognised as an area for development.

The second is sharing data. While one senior figure told us that data is not sufficiently shared between departments – let alone between other parts of the public sector – another cautioned that legal obstacles to sharing were put in place for good reasons. The Interviewee went on to argue that a move towards more data sharing must go hand in hand with building consent between agencies and, most importantly of all, the public.

- Central Government
- Parliament
- Housing

66

We don't share data between different parts of the public sector or even within the civil service."

66

At the centre, there's an appetite to move fast with data sharing and a view that the legal obstacles are just there to be overcome, but some of them are there for good safeguarding reasons and we should not run ahead of consent. The appetite for data sharing and building consent need to go hand in hand."

66

We want to invest more in digital to get more efficient, make more of data, and change the way residents in social housing communicate with us."

66

Data literacy is still really low. Turning COVID-19 data into something we could show ministers every day was a slog."



01 Foreword

02 Executive summary

03 The state according to the public

04 The state according to the people who run it

05 Northern Ireland

06 Scotland

07 Wales

08 England

09 Conclusions

10 Contacts



7. Exiting the EU is a chance to rethink the UK's place in the world but officials urge businesses to be ready

Leaving the EU has dominated the bandwidth of officials and ministers in all parts of the UK since 2016. Once COVID-19 hit, that bandwidth was strained further as many were redeployed to work full time on the government's response. Senior civil servants told us that progress on exiting the EU slowed as a result, although core negotiation and transition work went on.

Several acknowledged that COVID-19 has stretched the bandwidth of businesses as well – and they aired concerns about business preparedness for EU exit.

Officials acknowledge that EU Exit has added to a sense of uncertainty at a difficult moment for the UK and one senior civil servant argued that the economic impact of EU Exit and COVID-19 will ultimately intertwine. Either way, many see it as an opportunity to rethink the UK's economy and place in the world.

- Central Government
- Parliament
- Business
- Housing

66

What concerns me is the bandwidth of businesses to be ready, because we're relying on them to have seen the communications and actioned what's needed. It's businesses not being ready that could gum things up."

66

I'm picking up a lot of anxiety on Brexit. Last year, businesses stockpiled but now cashflow is tight so there's more anxiety".

66

EU Exit is a chance to think about what we weren't doing well as a country, like productivity. The EU is not a panacea and we can make a success of this."

66

We've got to build more of the supply chain in the UK, whether it's plaster, bricks, wood or tools or engines."

66

We've coped with EU Exit because we set up the negotiation and transition teams before COVID-19 so it rumbled on in the background."

66

Free trade negotiations are much more than just free trade agreements – they are about the UK government engaging with other governments over a range of issues."

66

COVID-19 has muddled what's the impact of what. It's harder to disentangle."

66

When COVID-19 hit, activity on Brexit ground to a halt."



01 Foreword

02 Executive summary

03 The state according to the public

04 The state according to the people who run it

05 Northern Ireland

06 Scotland

07 Wales

08 England

09 Conclusions

10 Contacts



8. Levelling up is right for the UK but it needs definition and devolution to drive delivery

Our research found that the government’s levelling up strategy is widely seen as the right approach for a more equal and prosperous country. However, the leaders we interviewed want to see clearer plans for what it means and how it will be delivered.

Several interviewees questioned whether the UK has the right governance and institutional landscape to drive local, inclusive growth. The Chief Executive of a Local Enterprise Partnership called for a reaffirmation that LEPs will remain the convenors of the public and private sectors while a Director from a combined authority called for a more mature and less transactional relationship with government to help drive economic growth. Importantly, one council chief executive called for regional plans that genuinely join up efforts across sectors and provide a leadership-led, cohesive vision.

Ultimately, our interviews concluded that the public sector backs levelling up but believes definition and devolution are needed for its delivery.

- Local Government
- Parliament
- Housing
- LEP

66

I’m pessimistic about levelling up. When Boris Johnson talked it up, I thought ‘wow’, but here we are nine months later, and no-one seems to understand what’s needed to deliver on it.”

66

Our relationship with central government is too transactional whereas we should be having conversations as equals with shared goals for prosperity.”

66

We’ve got to be co-designing, joining up at regional level, and that has to be a leadership conversation.”

66

Government says LEPs have a strong role but they are increasingly pushing combined authorities. We’d welcome a reaffirmation for private sector-led LEPs.”

66

Levelling Up is a political imperative in search of a programme.”

66

Successful places have their political and economic and industrial leadership joined at the hip. They fight like cats and dogs behind closed doors but give clear, unified messages to the outside world. That’s how cities work.”

66

If you talk to ministers and people at the top, there is vision. They say, ‘brilliant, where do we sign?’. But the layers below don’t have the skills to make it into reality.”



01 Foreword

02 Executive summary

03 The state according to the public

04 The state according to the people who run it

05 Northern Ireland

06 Scotland

07 Wales

08 England

09 Conclusions

10 Contacts



9. Levelling up and a green recovery won't happen without investment in skills

Across the public sector, leaders told us that the skills system needs greater and more consistent investment, and should to be better connected to businesses, to economic needs and to the levelling up agenda. They argued that education providers, employers and government need to work together to make sure the UK has the skills it needs for economic recovery and levelling up.

Some interviewees linked skills to the government's ambition for a green recovery. The director of a Non-Departmental Public Body, for example, argued that a green skills pipeline is needed while a Further Education leader said that training should be planned for professionals who can update homes to meet net zero requirements.

- Non-Departmental Public Body
- Business
- Further Education
- Higher Education

66

The link between the economy and employers and skills is still not there. We didn't have the system architecture needed for the future of the UK workforce and economy before the pandemic, and we don't have it now."

66

"Employers were saying they were struggling to recruit before the pandemic and that's going to come back with a vengeance. Wouldn't it be better for people to be doing proper training for a job they could get a few months down the line rather than being on universal credit?"

66

The UK is going to need people to update homes for net zero, but there won't be anyone trained to do it".

66

If the government is going to stimulate green jobs it should make sure there's a skills pipeline and it's attracting people who would otherwise struggle to enter the jobs market."

66

My worry is where the workforce comes from. We've failed to invest in technical skills and we've disinvested in further education but we need to get these applied skills coming through."

66

The market is going to get ahead of policymakers on net zero. Investors are pivoting towards green infrastructure and that's an upside of COVID."



01 Foreword

02 Executive summary

03 The state according to the public

04 The state according to the people who run it

05 Northern Ireland

06 Scotland

07 Wales

08 England

09 Conclusions

10 Contacts



10. Macro choices for the NHS and social care still lie ahead

The NHS response to the COVID-19 pandemic was extraordinary and rightly celebrated across the UK. NHS leaders told us about the incredible work in their trusts and agencies to build capacity and cope with demand, accelerating progress on digital technology along the way.

Some NHS interviewees told us that substantial amounts of healthcare services were suspended to adjust capacity for COVID-19 while others argued that has been overstated.

Looking beyond the pandemic, health leaders were keen to remind us that the UK's health and care system remains unsustainable and political leadership is needed to make some major choices. One argued that a macro decision needs to be made on how social care is funded and integrated operationally while another said that choices need to be made about the scope of the NHS.



66

There will have to be a proper debate about what the NHS can do. At one extreme, we keep trying to do everything and we do it badly. At the other extreme, the NHS becomes an emergency service but when it comes to cataracts and hip operations, people will need to make their own arrangements. Neither of those extremes appeal."

66

For a scary moment in March, the modelling was showing that we'd be getting into some horrific choices for clinical staff. Then we reached a peak and all of a sudden the curve started going down."

66

The money tap will be turned off at some point. One of the biggest issues that NHS trusts have ever faced, delayed discharge, went away went the system wasn't fighting over who pays for it. There's a lesson in that."

66

On digital, things that people had been trying to do for years, now they're just doing it. The national rollout of MS Teams has been a revelation but every trust is going to have to pay for licenses and the bill is looming."

66

There needs to be macro decisions about how care is funded, whether it's a hypothecated tax or some kind of insurance system. But however they do it, it needs to be done. Then it needs to be fully integrated operationally."

66

The NHS triumphed with across the board preparedness, learning what was happening across Europe and putting capacity in place – all from a standing start."



01 Foreword

02 Executive summary

03 The state according to the public

04 The state according to the people who run it

05 Northern Ireland

06 Scotland

07 Wales

08 England

09 Conclusions

10 Contacts



11. Diversity and legitimacy are front of mind for police leaders

Police leaders told us how patterns of demand on their forces shifted as the COVID-19 pandemic began. As the UK went into lockdown, the nighttime economy dwindled and the public stayed at home – which saw many types of offence plummet – but at the same time, officers were called upon to police lockdown rules. Our police interviewees spoke with pride about how their officers dealt with difficult circumstances, such as attending COVID-19 deaths, largely without widespread public recognition.

Beyond the pandemic, police leaders face a range of complex and profound challenges. Front of mind for our interviewees was the Black Lives Matter movement that had undoubtedly put a spotlight on issues of diversity. They shared concerns about the need for greater diversity in their forces, and recognised the role that diversity plays in creating the public consent that underpins policing in the UK. One Chief Constable said that the challenge of recruiting black people to his force had become an issue of police legitimacy.

Police interviewees also told us that they are anticipating financial limitations in the years ahead. As forces recruit the 20,000 new officers announced by the government, one Chief Constable told us that he may need to deploy officers in roles previously held by civilians because government funding has prioritised officer numbers. Another senior source argued that officers are one part of the wider machinery of policing.

Our interviewees went on to talk about the tension between the visibility of community policing – bobbies on the beat – and the need to deal with less visible forms of crime including domestic violence and the online dimension that accompanies a substantial number of crimes now reported. One told us that his force struggled to retain cyber security professionals whose skills can attract higher salaries in the private sector.

66

Announcements are all about the number of police officers going up but we need to make cuts and officers might have to be put in civilian roles. That’s not what the public would expect.”

66

Politicians have to wake up to the machinery that’s required for policing and the gearing that’s required. It’s not just bobbies on the beat.”

66

We’re rightly challenged on why we aren’t attracting black people into policing and that plays into legitimacy.”

66

Once we build up a cyber team, they are headhunted and paid more by the private sector.”

66

The criminal justice system has been underfunded for ten years. Reoffending rates are high and there’s little rehabilitation going on. PCCs, have expressed our frustrations but it’s moving at a snail’s pace.”



01 Foreword

02 Executive summary

03 The state according to the public

04 The state according to the people who run it

05 Northern Ireland

06 Scotland

07 Wales

08 England

09 Conclusions

10 Contacts



12. Local government faces a perfect storm of heightened demand and reduced income

Across all local public services, leaders are expecting a difficult year ahead. Dealing with the COVID-19 pandemic pushed up demand for services and that demand is expected to continue rising as the full impact of lockdown becomes apparent on mental health, drug and alcohol use and child safeguarding, all against the backdrop of a recession.

Council executives told us that increased demand was only one side of the financial equation because they had lost millions in income from services like car parks during lockdown. They warned that the next financial year could see multiple councils in financial failure, and some are already assessing what services they could reduce to basic standards. One council chief executive described the environment as a ‘perfect storm’.

Leaders from other local services – especially policing – also expressed concern that cuts in local government could increase demands on them.

- Local Government
- Police
- NHS

66

Demand has gone through the roof on mental health, the increase in drug and alcohol abuse will be legion, managing domestic violence will be huge, and then there’s the impact on children and young people. All of this will send ripples across the public sector.”

66

Local government has got spikes in demand, like more kids coming into the care system now the NHS and schools are back to normal. So we’ve got an increase in costs but our income from facilities, car parks and commercial property is way down. It’s a perfect storm.”

66

I worry about the impact on local authorities. We saw it in austerity, when they cut services it hit us in policing.”

66

Local authorities will get through this financial year by using reserves but without more funding we’re heading towards a raft of Section 114 notices.”

66

People don’t care about some of our services and we can target them for savings. Where we have gold plating on a service, people don’t care if they lose that as long as they’ve got the basic service. There’s a difference between like to have and need to have.”



01 Foreword

02 Executive summary

03 The state according
to the public

04 The state according to
the people who run it

05 Northern Ireland

06 Scotland

07 Wales

08 England

09 Conclusions

10 Contacts

Northern Ireland

The state of the state





01 Foreword

02 Executive summary

03 The state according to the public

04 The state according to the people who run it

05 Northern Ireland

06 Scotland

07 Wales

08 England

09 Conclusions

10 Contacts

In January 2020, the Northern Ireland Executive was restored after a three year absence, underpinned by the New Decade New Approach (NDNA) deal which outlined new priorities for incoming Ministers. But just weeks later, that new Executive found itself dealing with a global pandemic as Northern Ireland went into lockdown.

Our interviews with public sector leaders found that the turbulence experienced by the Executive in the early months of their restoration in many ways brought the parties closer together, but the pandemic has inevitably put the NDNA's transformation priorities on the backburner. They include critical projects such as upgrades to water and sewage networks, health and social care reform and the delivery of key infrastructure programmes.

Some of those who we interviewed argued that the Executive needs to prioritise a small number of reforms, just as the Executive previously focused on the Bengoa healthcare reform. Others talked about an urgent need to get the Fiscal Council up and running – one of the NDNA commitments – but few sensed a strong political appetite for it.

- Northern Ireland Civil Service
- Northern Ireland Executive
- Business

66

We need to explore the concept of an integrated delivery unit as some projects often end up in the long grass."

66

We can't deliver all these NDNA priorities with various price tags. Nor is there any appetite amongst the political parties for additional revenue raising."

66

Our first priority in Northern Ireland is to have a government, but it would be even better if we could have a government that could deliver as well."

66

With the Executive and Assembly absent for three years there hasn't been much time to fix the roof as the sun hasn't been shining enough, but now the Executive is back it will spread itself too thin and achieve nothing."

66

Stormont is often like a dead hand stopping everything rather than enabling it."

66

Its energising having Ministers back. Before we were sort of doing a quasi-ministerial role, but now the decisions are more legitimate. I also like the scrutiny, it's difficult but a good source of intelligence to see what's brewing up underneath in the department."



01 Foreword

02 Executive summary

03 The state according to the public

04 The state according to the people who run it

05 Northern Ireland

06 Scotland

07 Wales

08 England

09 Conclusions

10 Contacts

All of our interviewees thought that the Northern Ireland Civil Service (NICS) had acted with the utmost professionalism during the Executive's absence. Some observed more collaborative ways of working between NICS departments without Ministers, and sensed a drift back to silos since their return. Senior civil servants told us that they were enjoying the return of scrutiny on their departments as well as the energising effect of political decision making, with all of the democratic legitimacy that brings.

As lockdown began, NICS departments and the wider public sector across Northern Ireland managed the shift to remote working with little friction. Our interviews found mixed views on its legacy and the prospect of a permanent move to remote working in the future. Some NICS leaders talked about a phased return to the office for all staff while others were considering permanent home working and a significant reduction to the government estate.

- Northern Ireland Civil Service
- Business

“

The NICS has always tended to be office based and to be frank, home working was often frowned upon. It has been huge shift to move over 23,000 civil servants from one day working in the office to now working from home.”

“

Agility from the Executive has eased off, they reacted well at the start in fighting this new common enemy but you can now see them starting to fall back into old habits”.

“

Most impressive is the speed and agility with which we have been able to do things while following due process. What needs to change now is the speed in which we stand things up going forward. We can't afford to go down the long bendy roads we had before. In response to the pandemic we cut some corners but we didn't break the rules.”

“

The technology was always there but people said we can't run this place on remote working, actually we can. The problem is policy struggles to catch up.”

“

Transformation is extremely difficult in the current climate. The one silver lining is that the pandemic has been a great disrupter and created a catalyst for change – showing what really can be done. This needs to be built on.”



01 Foreword

02 Executive summary

03 The state according to the public

04 The state according to the people who run it

05 Northern Ireland

06 Scotland

07 Wales

08 England

09 Conclusions

10 Contacts

Inevitably, exiting the EU is a significant pre-occupation for many public sector leaders in Northern Ireland. Many of our interviewees talked about the complexities of implementing EU exit and their concerns over its potential impact on sectors of the economy including agriculture. However, they were clear that leaving the EU brings opportunities for Northern Ireland, not least through the prospect of continued access to the EU single market and new powers that are expected to be repatriated from the EU to the UK's devolved governments.

- Northern Ireland Civil Service
- Northern Ireland Executive
- Business

“Brexit and Covid-19 are like two great tsunamis which will crash together in the Autumn/ Winter time.”

“Brexit could be the best of both worlds or it could be the worst. It is in NI's interest to make the Protocol work and to influence how it works.”

“Economic recovery is one of our biggest priorities, we need to give hope to those who have lost their jobs and livelihoods.”

“Most businesses don't have enough resource so one issue usually trumps the other and at the minute they are more occupied by the pandemic than Brexit, which is extremely worrying”.

“The failure of previous Executives to deal with the structural problems in our economy will come back to bite us.”

“The vast amount of food we produce goes to Great Britain and post Brexit we will have to compete with the likes of Brazil which has much greater productivity than us. It's an unsustainable business model so we will need to focus on green growth as a differentiator. Carbon is not a threat but an opportunity for NI.”

“More will now die of Covid-19 who didn't have Covid-19.”



01 Foreword

02 Executive summary

03 The state according to the public

04 The state according to the people who run it

05 Northern Ireland

06 Scotland

07 Wales

08 England

09 Conclusions

10 Contacts

Our citizen survey shows that the people of Northern Ireland stand out from the rest of the UK across a range of attitudes. When asked how they would allocate public spending across local services and the local economy, they would invest substantially more in healthcare and in transport links than the rest of the UK, as shown in Figure 13.

Northern Ireland's public has comparatively high levels of satisfaction in where they live. As Figure 14 shows, they are significantly more satisfied than the UK average with schools, safety from crime, the local environment, their universities and their council services among others. However, they think transport links and local job opportunities need to be improved to put Northern Ireland on par with the rest of the UK.

Figure 13. Imagine you have 100 points available to you that represent money which can be spent to improve public services and facilities in your local area. How would you divide the points across the following public services?*

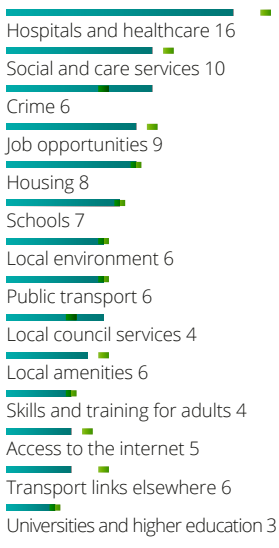


Figure 14. How satisfied are you with... (net satisfaction)

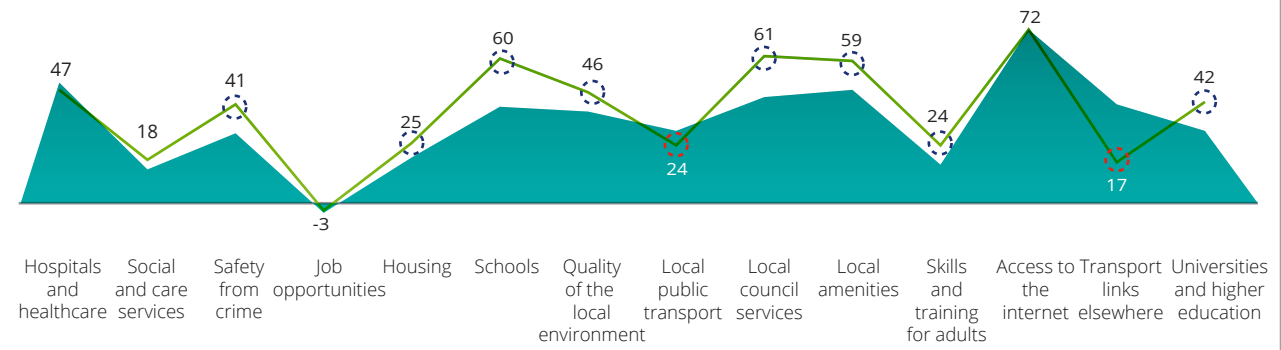
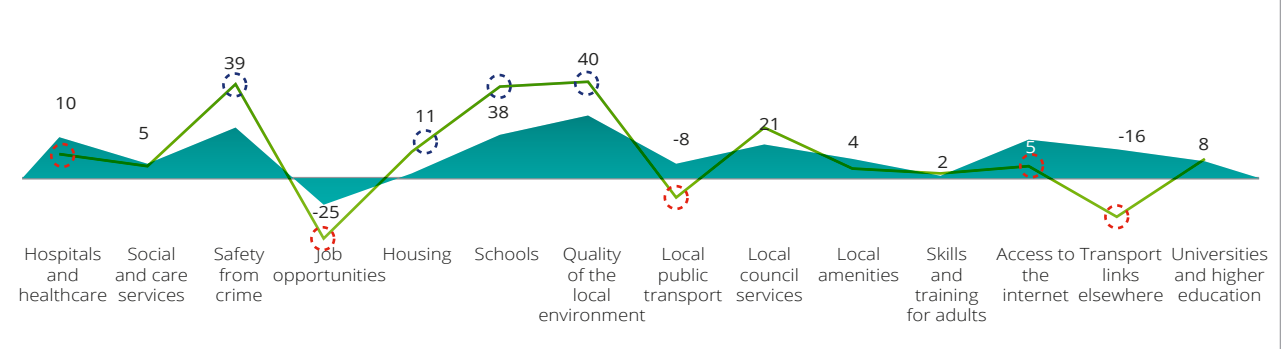


Figure 15. Is your region better or worse for... (% net better)



■ UK average — Northern Ireland - - - Significantly better - - - Significantly worse

*Number indicates average points allocated to each service out of 100 possible points. Base: 5,574 UK adults aged 16-75.



01 Foreword

02 Executive summary

03 The state according to the public

04 The state according to the people who run it

05 Northern Ireland

06 Scotland

07 Wales

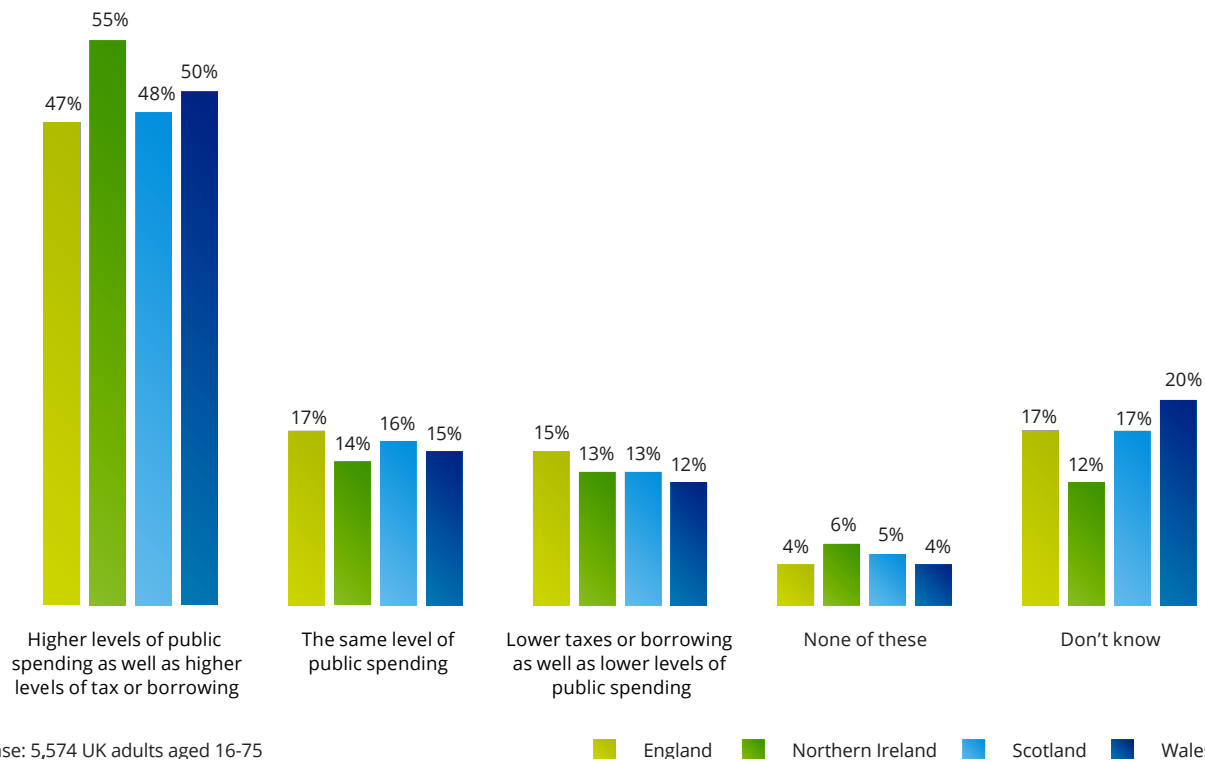
08 England

09 Conclusions

10 Contacts

Looking to the future, the Northern Ireland public expect – more than the rest of the UK – taxes to go up to fund more extensive public spending beyond the pandemic, as Figure 16 shows.

Figure 16. And what do you think will happen to the balance between public spending and tax and / or public borrowing in the UK in the future after the coronavirus has eased, compared with before the coronavirus started?





01 Foreword

02 Executive summary

03 The state according to the public

04 The state according to the people who run it

05 Northern Ireland

06 Scotland

07 Wales

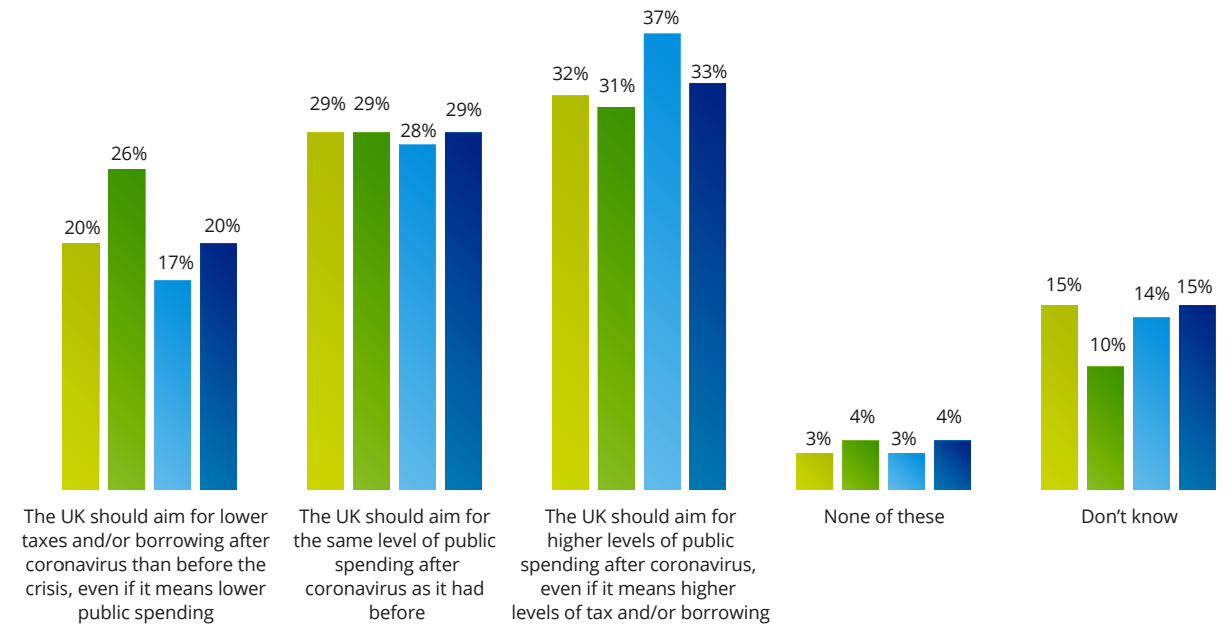
08 England

09 Conclusions

10 Contacts

More people in Northern Ireland would back higher taxes for higher spending than would back lower taxes and spending restraint, as Figure 17 shows. However, Northern Ireland's public are more split than other parts of the UK with more than a quarter calling for lower taxes or reduced borrowing.

Figure 17. As you know, governments have to make decisions to set the right balance between the advantages of higher public spending and the advantages of less tax or public borrowing. Thinking to the future after the coronavirus crisis has eased, and how it compares to the period before the coronavirus started, what do you think should be UK government policy for the balance between public spending and the levels of taxation and public borrowing?



Base: 5,574 UK adults aged 16-75

England Northern Ireland Scotland Wales



01 Foreword

02 Executive summary

03 The state according to the public

04 The state according to the people who run it

05 Northern Ireland

06 Scotland

07 Wales

08 England

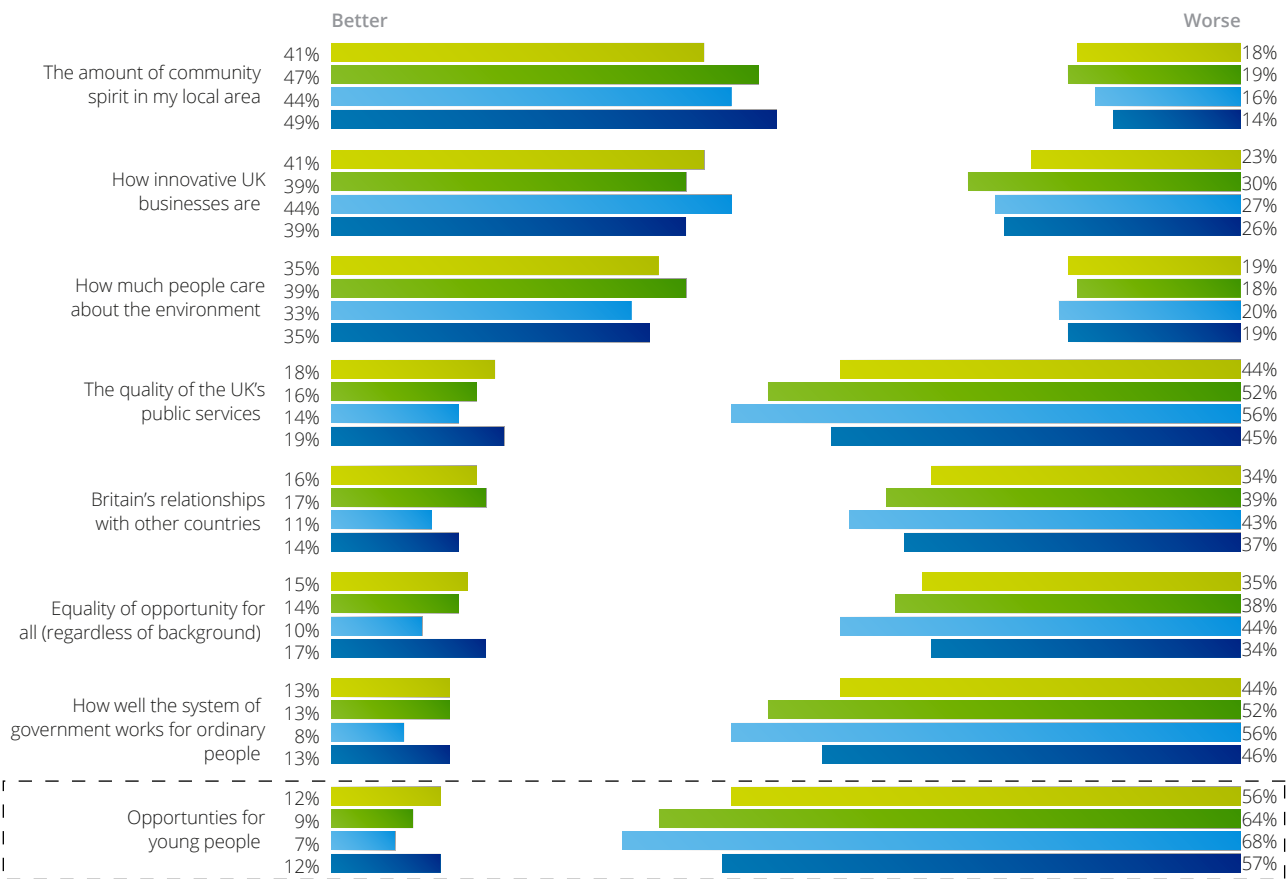
09 Conclusions

10 Contacts

Finally, our survey asked people what they believe may get better or worse in their communities as a result of the pandemic. As Figure 18 shows, some 64 per cent of Northern Ireland's public believe opportunities for young people will be worse.



Figure 18. To what extent, if at all, do you think each of the following will change for the better or worse as a result of the coronavirus pandemic, or do you think it will have little impact?



England Northern Ireland Scotland Wales



01 Foreword

02 Executive summary

03 The state according
to the public

04 The state according to
the people who run it

05 Northern Ireland

06 Scotland

07 Wales

08 England

09 Conclusions

10 Contacts

Scotland

The state of the state





01 Foreword

02 Executive summary

03 The state according to the public

04 The state according to the people who run it

05 Northern Ireland

06 Scotland

07 Wales

08 England

09 Conclusions

10 Contacts

Scotland’s government and politics continue to distinguish themselves from the rest of the UK, while the need for post-pandemic economic recovery and EU exit are putting a fresh spotlight on the country’s public finances and fiscal powers.

Our interviews found key officials concerned about the Scottish Government’s budgetary position and backing calls for greater and more flexible borrowing powers when they are reviewed in 2021 – with the pointed caveat that borrowing needs to be repaid, as shown in our quotes.

Scotland’s local government is also expecting financial challenges ahead, with major councils anticipating cuts that could see services stripped back to basics in some cases. Across local services, leaders talked about the need for bold reforms – reducing the number of Scotland’s local authorities for example – while some feel government ministers try to micro-manage public services.

- Central Government
- Local Government
- Business
- NHS
- Transport

“Scotland is a social democratic country and inclusivity is in our DNA.”

“Economic policy needs to be selective in Scotland, with the government backing winning industries rather than spreading the jam evenly.”

“The fiscal powers that came to Scotland in 2016 were inadequate as they were, let alone when COVID-19 hit.”

“The Scottish government’s budget position is entirely unprecedented and disproportionately beyond what’s happening in the UK.”

“The fiscal framework is reviewed every five years, so that’s 2021. Requests for additional powers have so far been met with silence from the UK government. Not a no, but silence – so they’re clearly thinking about it.”

“Generally the Scottish government is being more flexible with money and what we do with it. Everyone has realised we’re never going to get where we need to go if we stick with bureaucracy.”

“Scottish ministers operate almost like chief executives over public services. That’s been allowed to happen because Scotland is a small country and we have a dominant political party in the parliament that has been in power a long time.”

“Scottish government was halfway through a move to smarter working and getting senior people to give up offices, which was not without a large amount of angst. But is meant we were reasonably well prepared.”

“Jobs like council chief executive aren’t seen as attractive so we don’t import talent, we just recycle it around the system. Plus chief executives in Scotland are paid less than directors in England.”



01 Foreword

02 Executive summary

03 The state according to the public

04 The state according to the people who run it

05 Northern Ireland

06 Scotland

07 Wales

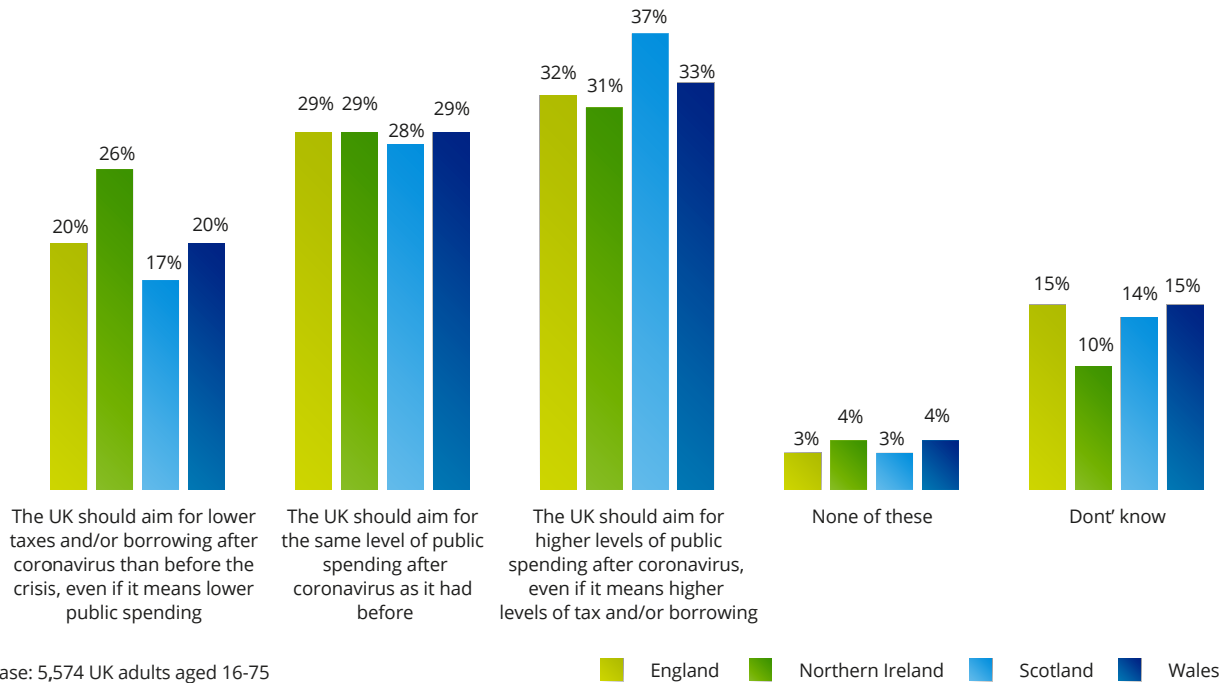
08 England

09 Conclusions

10 Contacts

Scotland’s citizen attitudes continue to differ from the rest of the UK as well. Our survey found that the Scottish public stands out as the UK’s most keen to see higher tax and higher public spending, as Figure 19 shows.

Figure 19. As you know, governments have to make decisions to set the right balance between the advantages of higher public spending and the advantages of less tax or public borrowing. Thinking to the future after the coronavirus crisis has eased, and how it compares to the period before the coronavirus started, what do you think should be UK government policy for the balance between public spending and the levels of taxation and public borrowing?





01 Foreword

02 Executive summary

03 The state according to the public

04 The state according to the people who run it

05 Northern Ireland

06 Scotland

07 Wales

08 England

09 Conclusions

10 Contacts

That may be explained to some extent by looking at the Scottish public’s worries for the future. As Figure 20 shows, they are the UK’s most concerned about opportunities for young people and the quality of public services as a result of the coronavirus pandemic.

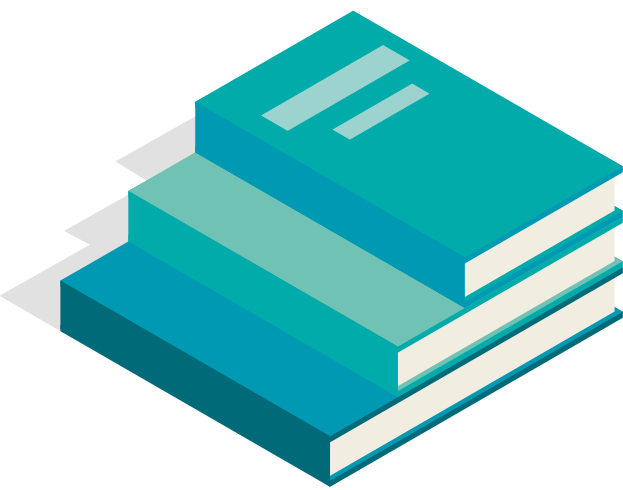
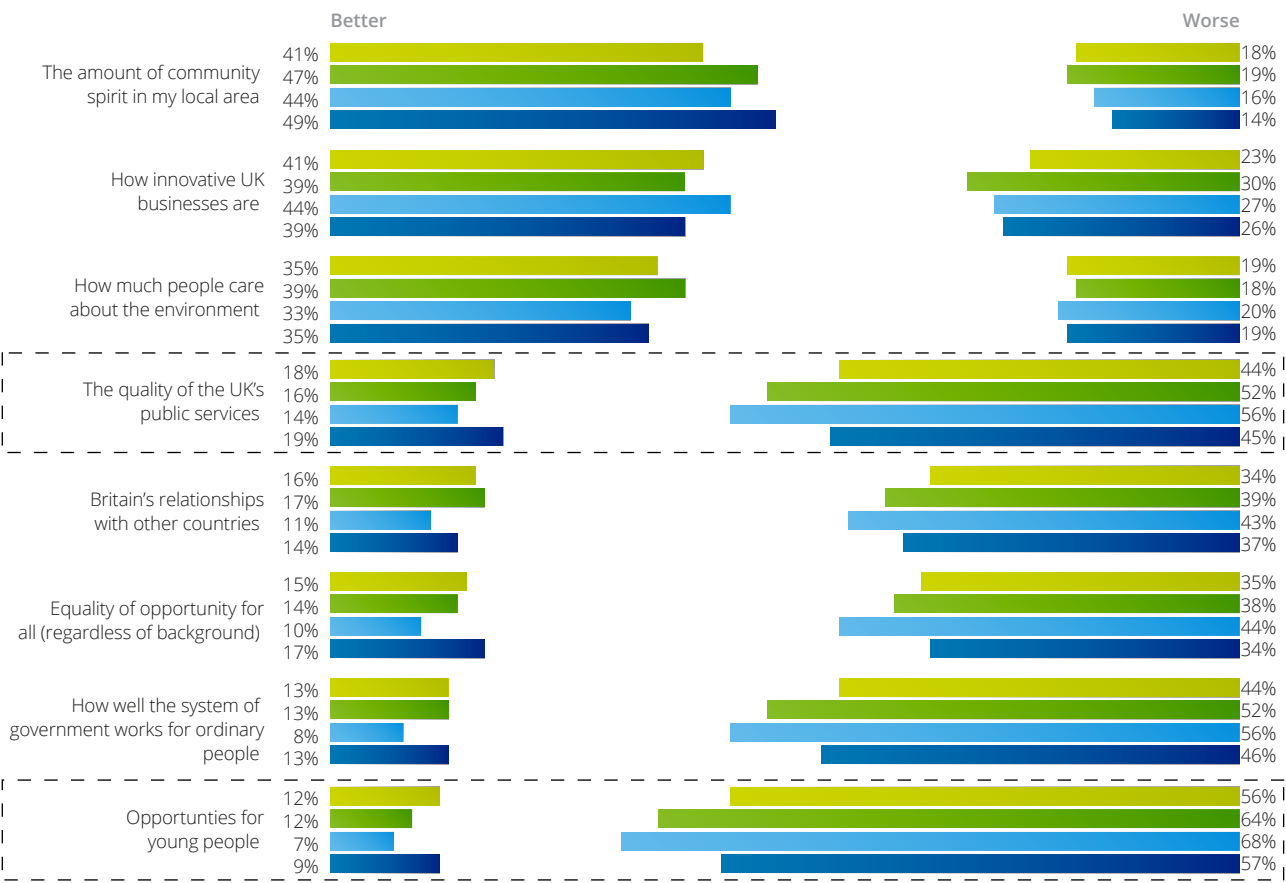


Figure 20. To what extent, if at all, do you think each of the following will change for the better or worse as a result of the coronavirus pandemic, or do you think it will have little impact?



Base: 5,574 UK adults aged 16-75

England Northern Ireland Scotland Wales



01 Foreword

02 Executive summary

03 The state according to the public

04 The state according to the people who run it

05 Northern Ireland

06 Scotland

07 Wales

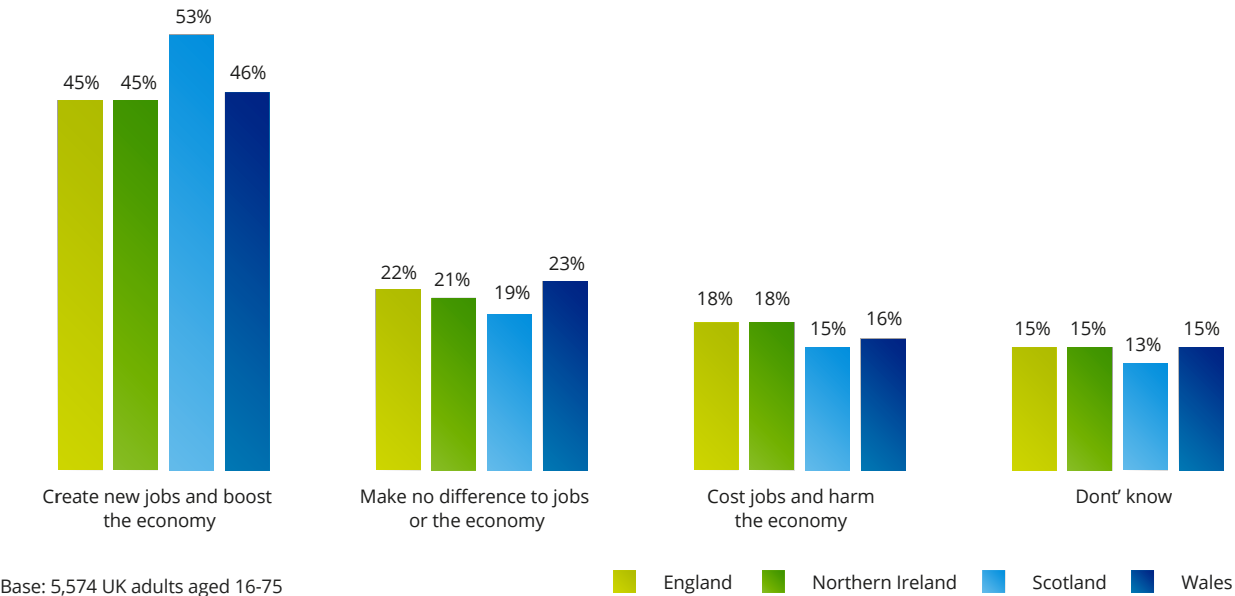
08 England

09 Conclusions

10 Contacts

The Scottish public also stand out on their views on the green agenda. More than half, some 53 per cent, believe that focusing on a green economic recovery will create new jobs and boost the economy, compared to 45 per cent in England.

Figure 21. If the government chooses to tackle pollution and climate change in plans for economic recovery by, for example, investing in renewable energy and electric vehicles, which of the following is closest to your view?
Tackling climate change in the economic recovery from coronavirus will...





01 Foreword

02 Executive summary

03 The state according to the public

04 The state according to the people who run it

05 Northern Ireland

06 Scotland

07 Wales

08 England

09 Conclusions

10 Contacts

Our survey asked how the Scottish public would spend money on local services, infrastructure and the local economy. The results, in Figure 22, show that they differ to a minor extent from the UK average across the board.

Digging deeper, our survey explored levels of satisfaction in local services and whether the Scottish public think they are better or worse than the rest of the UK. The results, in Figure 23, show that the Scottish public see their local environment as notably better than the rest of the UK, and they are particularly proud of the nation's universities and crime levels. They see particular room for improvement in their internet access and job opportunities.

Figure 22. Imagine you have 100 points available to you that represent money which can be spent to improve public services and facilities in your local area. How would you divide the points across the following public services?*

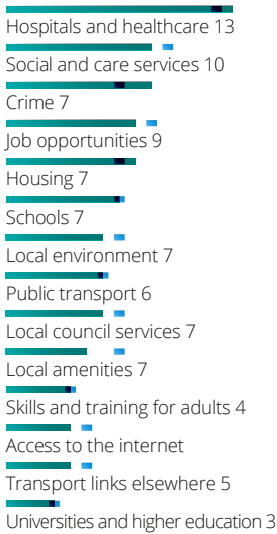


Figure 23. How satisfied are you with... (net satisfaction)

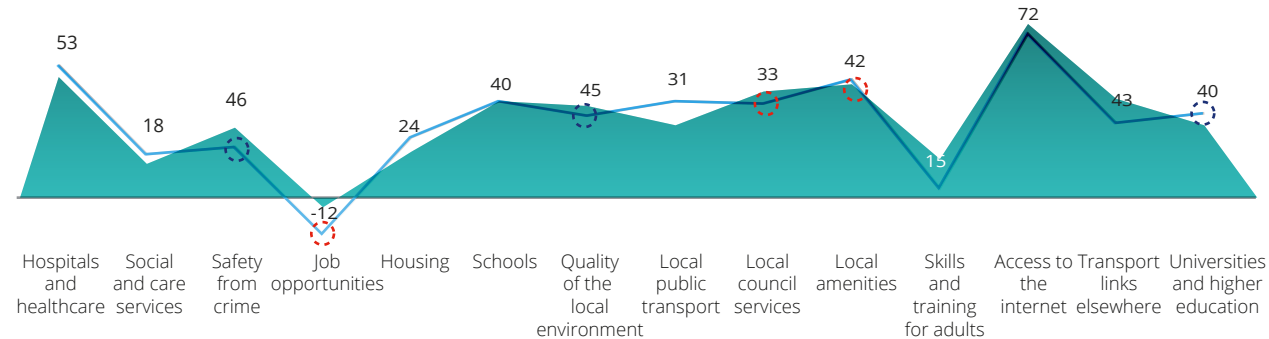
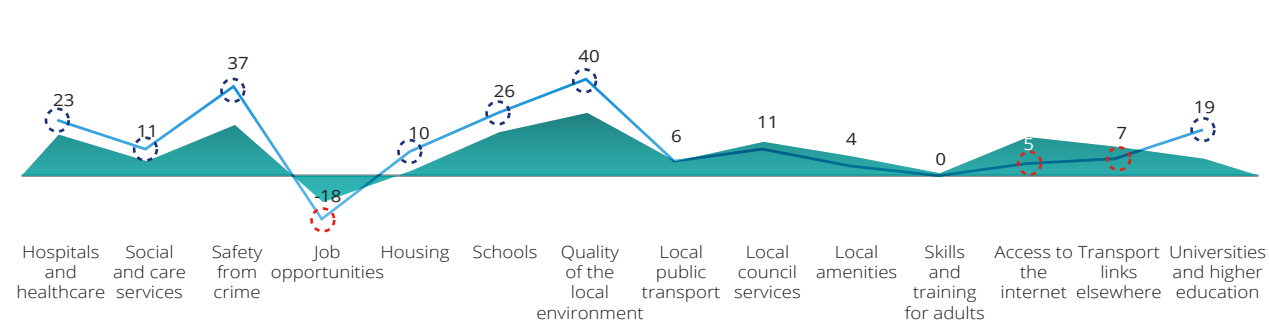


Figure 24. Is your region better or worse for... (% net better)



■ UK average — Scotland - - - Significantly better - - - Significantly worse

*Number indicates average points allocated to each service out of 100 possible points. Base: 5,574 UK adults aged 16-75.



01 Foreword

02 Executive summary

03 The state according
to the public

04 The state according to
the people who run it

05 Northern Ireland

06 Scotland

07 Wales

08 England

09 Conclusions

10 Contacts

Wales

The state of the state



01 Foreword

02 Executive summary

03 The state according to the public

04 The state according to the people who run it

05 Northern Ireland

06 Scotland

07 Wales

08 England

09 Conclusions

10 Contacts

Devolution in Wales continues to gather pace and maturity, with the Welsh Government beginning to exercise its new tax and borrowing powers and the Assembly asserting its democratic primacy. From May 2020, the Assembly has been formally known as Senedd Cymru: the Welsh Parliament.

Our interviews with key figures found the Welsh public sector proud of its response to the COVID-19 pandemic, as the quotes show. They talked with passion about rapid support put in place for vulnerable people, an acceleration of digital transformation and a shift to more agile and remote working.

Wales stands out in its approach to the pandemic’s legacy on remote working. While the UK’s other governments continue to explore whether greater remote working may or may not be desirable in the longer term, the First Minister in Wales has been clear that the Welsh public sector should take a serious look at its potential. And while local and central government officials in other parts of the UK air concerns that commuters are no longer spending money in city centres, their counterparts in Wales are clear that the country has different patterns of working life, in which remote workers are spending money in their towns and villages.

While public sector leaders in Wales may not readily refer to ‘levelling up’, they share a clear focus on tackling inequality alongside driving inclusive, local growth. Key figures told us that the COVID-19 pandemic had intensified existing inequalities – and that further devolution to Wales would make a fundamental difference to the state’s ability to tackle it.





01 Foreword

02 Executive summary

03 The state according to the public

04 The state according to the people who run it

05 Northern Ireland

06 Scotland

07 Wales

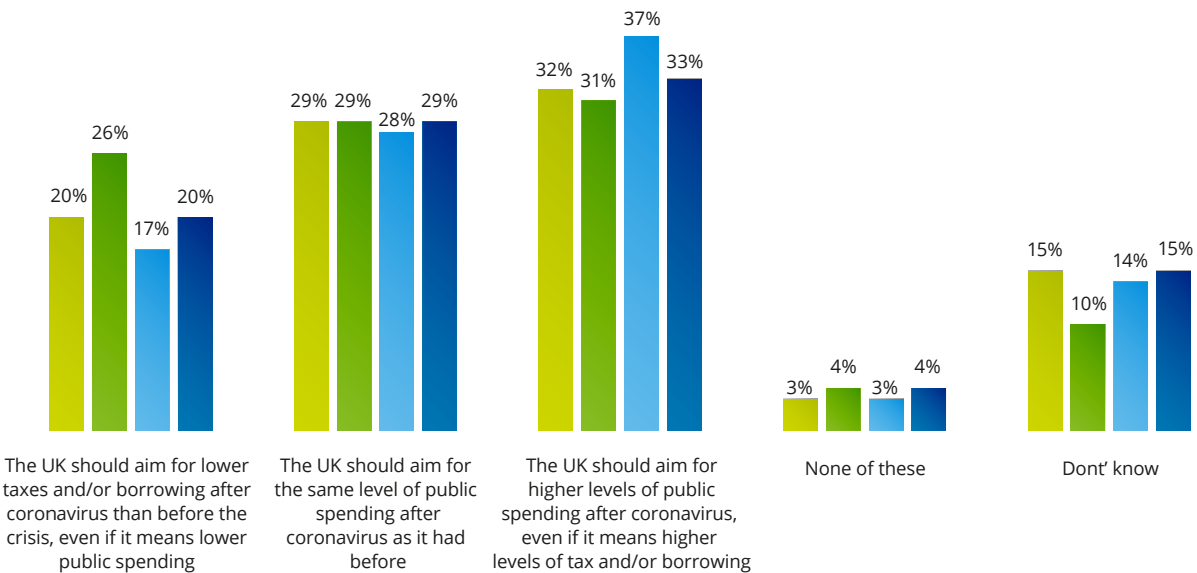
08 England

09 Conclusions

10 Contacts

Our citizen survey sets out the Welsh public’s views on the state and their priorities for improvement. Overall, their views in tax and spending are consistent with views over the border. A third of Welsh adults say they want public spending to be higher after the coronavirus pandemic – even if that means tax rises, as shown in Figure 25.

Figure 25. As you know, governments have to make decisions to set the right balance between the advantages of higher public spending and the advantages of less tax or public borrowing. Thinking to the future after the coronavirus crisis has eased, and how it compares to the period before the coronavirus started, what do you think should be UK government policy for the balance between public spending and the levels of taxation and public borrowing?



Base: 5,574 UK adults aged 16-75

England Northern Ireland Scotland Wales



01 Foreword

02 Executive summary

03 The state according to the public

04 The state according to the people who run it

05 Northern Ireland

06 Scotland

07 Wales

08 England

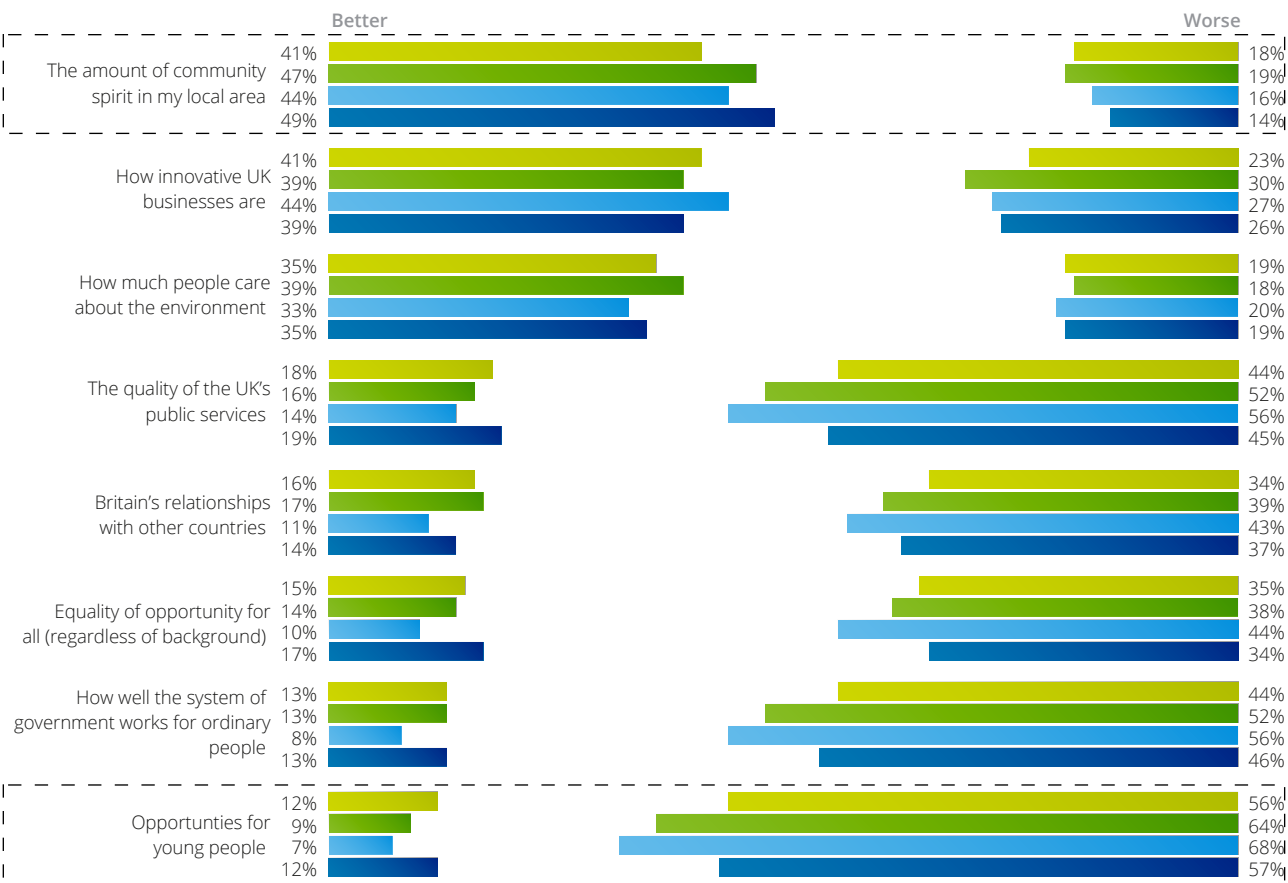
09 Conclusions

10 Contacts

Our survey asked what the Welsh public believe could be better or worse in their area as a result of the coronavirus pandemic. Figure 26 shows how the Welsh are the UK's most optimistic nation for an uplift in community spirit, but many are concerned about opportunities for young people.



Figure 26. To what extent, if at all, do you think each of the following will change for the better or worse as a result of the coronavirus pandemic, or do you think it will have little impact?



Base: 5,574 UK adults aged 16-75

England Northern Ireland Scotland Wales



01 Foreword

02 Executive summary

03 The state according to the public

04 The state according to the people who run it

05 Northern Ireland

06 Scotland

07 Wales

08 England

09 Conclusions

10 Contacts

We also asked the Welsh public how they would spend a budget on local services, the local economy and local infrastructure. As Figure 27 shows, their priorities are broadly consistent with the UK average although the Welsh would invest more in health, social care and job opportunities.

Finally, we asked the Welsh public about levels of satisfaction with their local economy, services and infrastructure – and whether they think they are better or worse than the rest of the UK. As the dashboard shows, the Welsh are particularly happy about their local environment and safety from crime. However, they tend to see many other factors as worse than the rest of the UK and would particularly like to see improvements in job opportunities, local public transport and transport links to the rest of the country.

Figure 27. Imagine you have 100 points available to you that represent money which can be spent to improve public services and facilities in your local area. How would you divide the points across the following public services?*

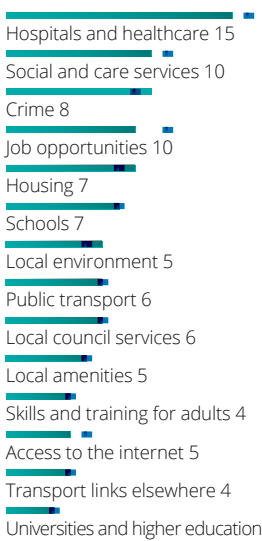


Figure 28. How satisfied are you with... (net satisfaction)

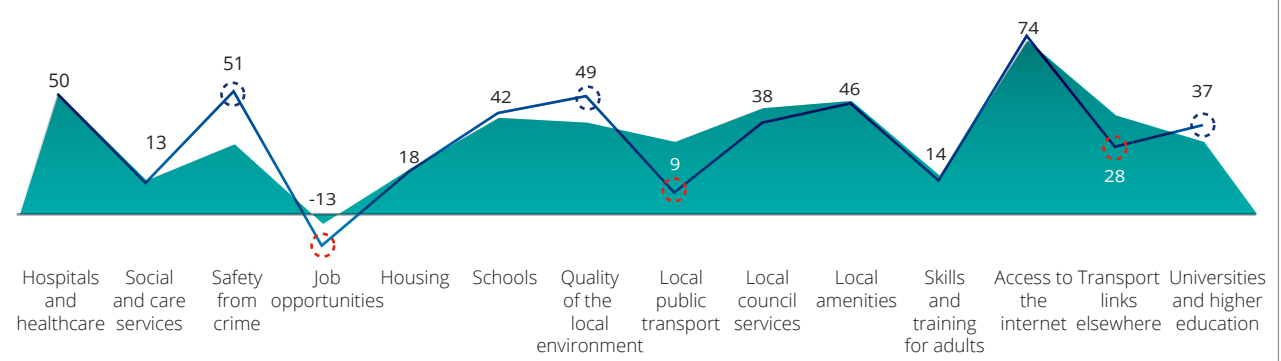
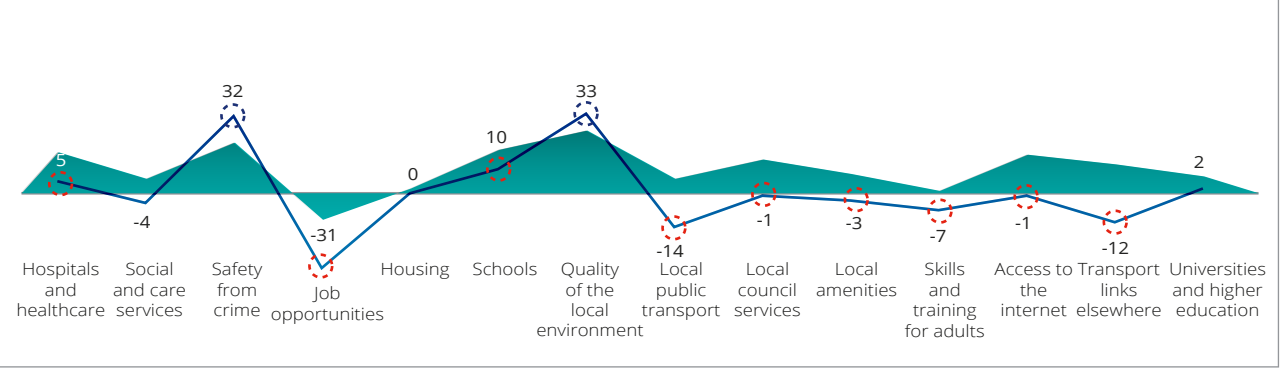


Figure 29. Is your region better or worse for... (% net better)



■ UK average — Wales - - - Significantly better - - - Significantly worse
*Number indicates average points allocated to each service out of 100 possible points. Base: 5,574 UK adults aged 16-75.



01 Foreword

02 Executive summary

03 The state according
to the public

04 The state according to
the people who run it

05 Northern Ireland

06 Scotland

07 Wales

08 England

09 Conclusions

10 Contacts

England

Regional dashboards



East of England

01 Foreword

02 Executive summary

03 The state according to the public

04 The state according to the people who run it

05 Northern Ireland

06 Scotland

07 Wales

08 England

09 Conclusions

10 Contacts

Figure 30. Imagine you have 100 points available to you that represent money which can be spent to improve public services and facilities in your local area. How would you divide the points across the following public services?*

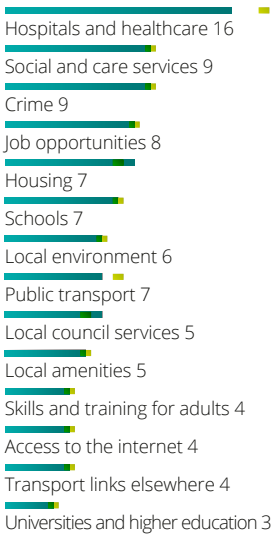


Figure 31. How satisfied are you with... (net satisfaction)

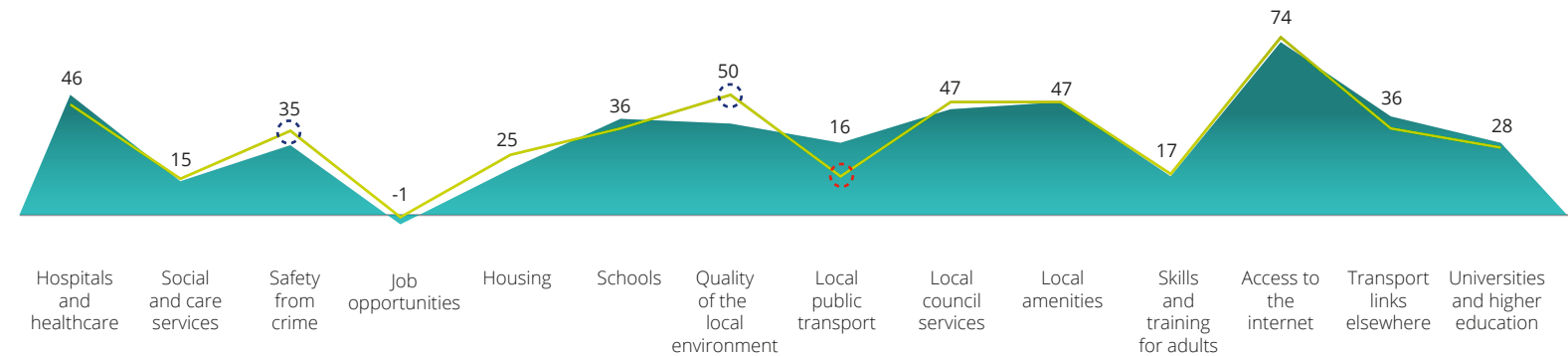
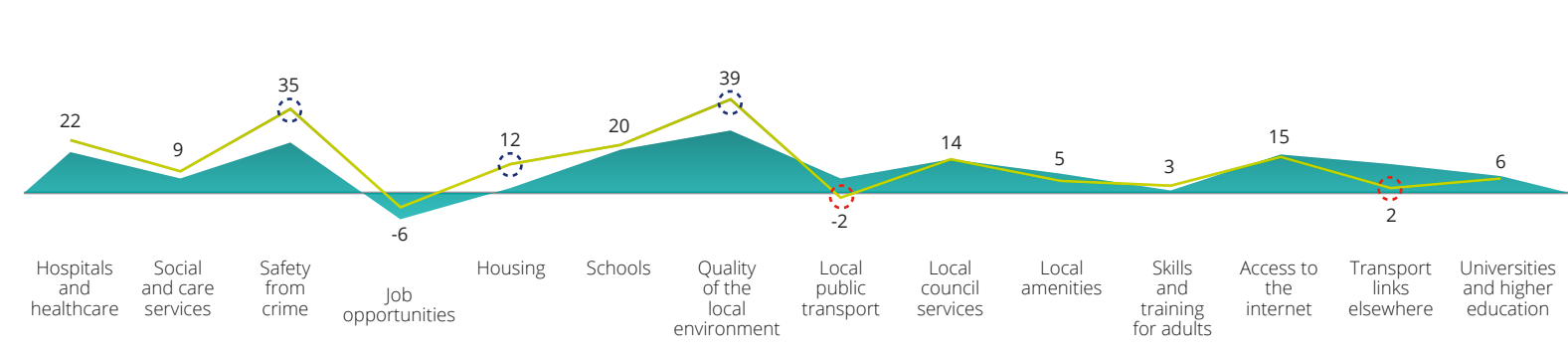


Figure 32. Is your region better or worse for... (% net better)



■ UK average — East of England - - - Significantly better - - - Significantly worse

*Number indicates average points allocated to each service out of 100 possible points. Base: 5,574 UK adults aged 16-75.



East Midlands

01 Foreword

02 Executive summary

03 The state according to the public

04 The state according to the people who run it

05 Northern Ireland

06 Scotland

07 Wales

08 England

09 Conclusions

10 Contacts

Figure 33. Imagine you have 100 points available to you that represent money which can be spent to improve public services and facilities in your local area. How would you divide the points across the following public services?*

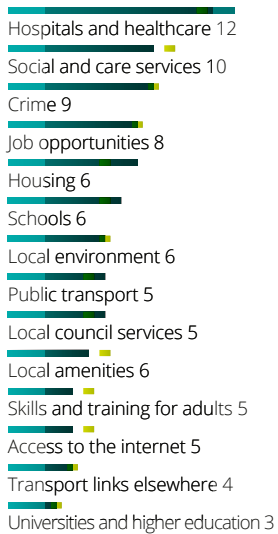


Figure 34. How satisfied are you with... (net satisfaction)

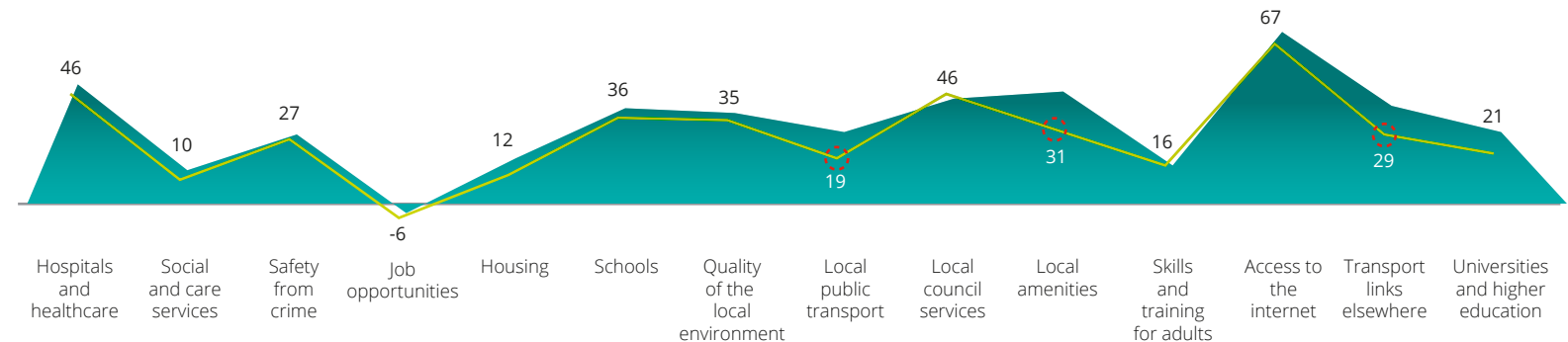
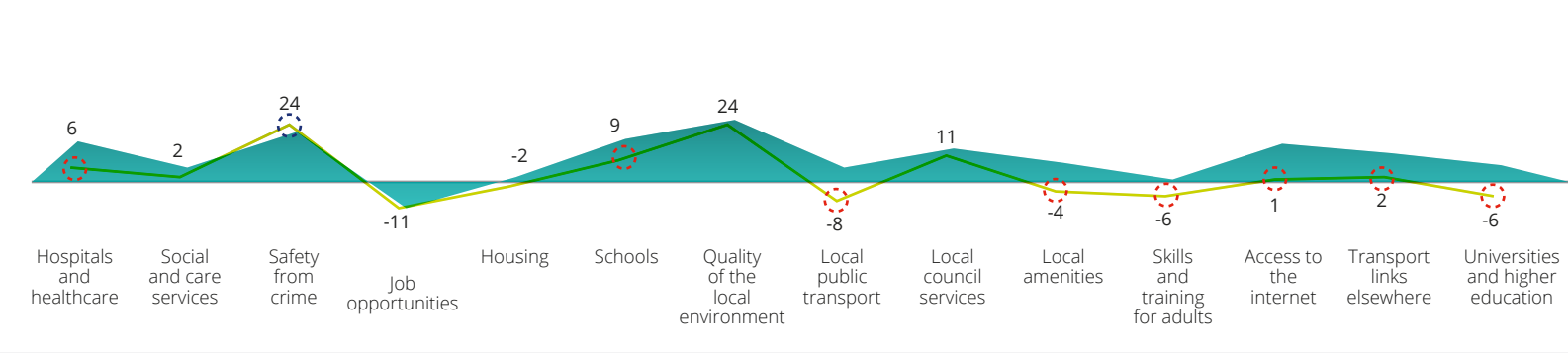


Figure 35. Is your region better or worse for... (% net better)



■ UK average — East Midlands - - - Significantly better - - - Significantly worse

*Number indicates average points allocated to each service out of 100 possible points. Base: 5,574 UK adults aged 16-75.



London

01 Foreword

02 Executive summary

03 The state according to the public

04 The state according to the people who run it

05 Northern Ireland

06 Scotland

07 Wales

08 England

09 Conclusions

10 Contacts

Figure 36. Imagine you have 100 points available to you that represent money which can be spent to improve public services and facilities in your local area. How would you divide the points across the following public services?*

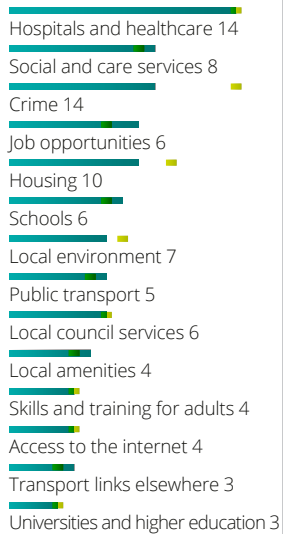


Figure 37. How satisfied are you with... (net satisfaction)

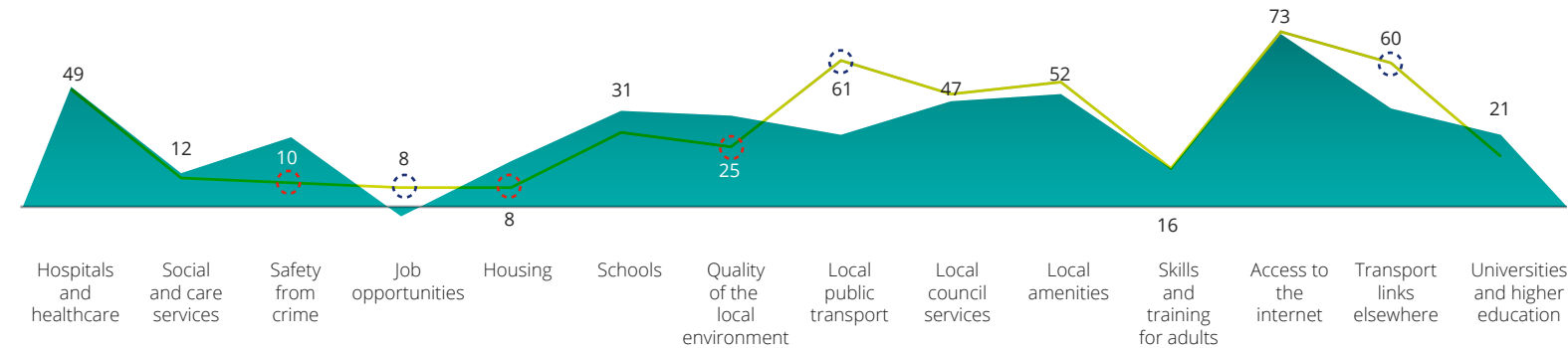
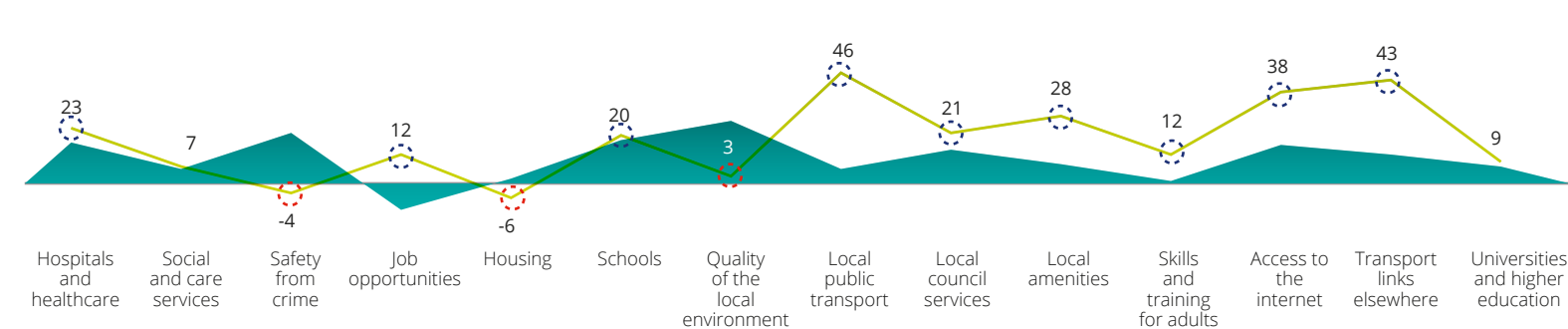


Figure 38. Is your region better or worse for... (% net better)



■ UK average — London - - - Significantly better - - - Significantly worse

*Number indicates average points allocated to each service out of 100 possible points. Base: 5,574 UK adults aged 16-75.



North East

01 Foreword

02 Executive summary

03 The state according to the public

04 The state according to the people who run it

05 Northern Ireland

06 Scotland

07 Wales

08 England

09 Conclusions

10 Contacts

Figure 39. Imagine you have 100 points available to you that represent money which can be spent to improve public services and facilities in your local area. How would you divide the points across the following public services?*

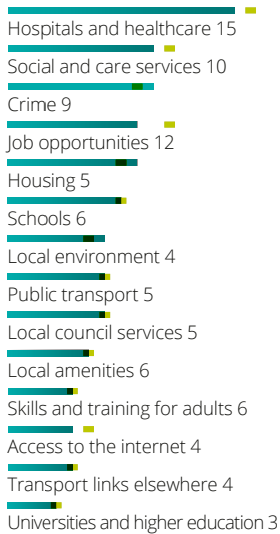


Figure 40. How satisfied are you with... (net satisfaction)

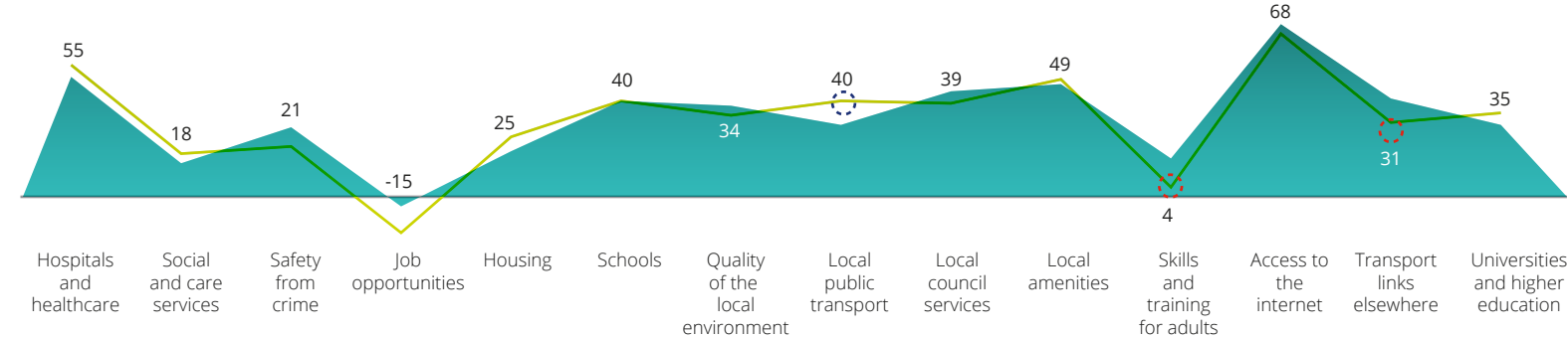
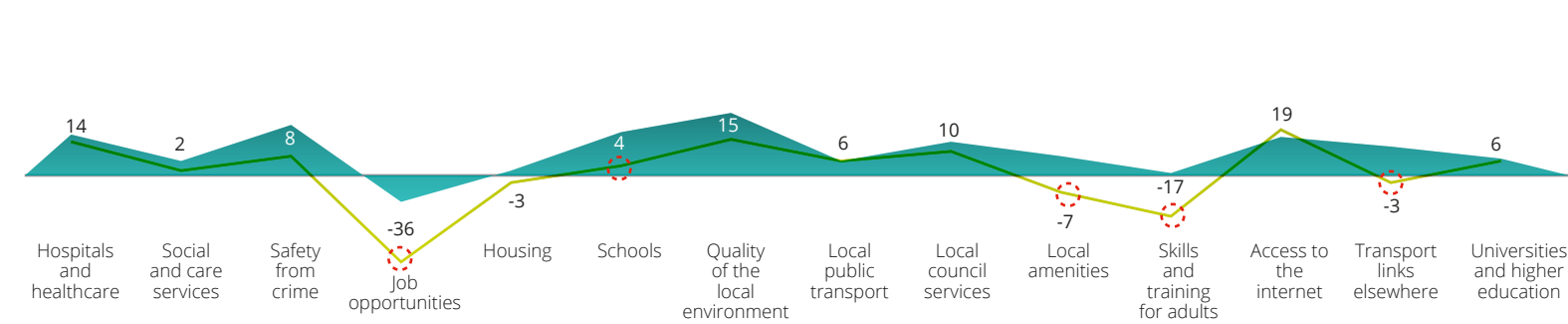


Figure 41. Is your region better or worse for... (% net better)



■ UK average — North East - - - Significantly better - - - Significantly worse

*Number indicates average points allocated to each service out of 100 possible points. Base: 5,574 UK adults aged 16-75.



North West

01 Foreword

02 Executive summary

03 The state according to the public

04 The state according to the people who run it

05 Northern Ireland

06 Scotland

07 Wales

08 England

09 Conclusions

10 Contacts

Figure 42. Imagine you have 100 points available to you that represent money which can be spent to improve public services and facilities in your local area. How would you divide the points across the following public services?*

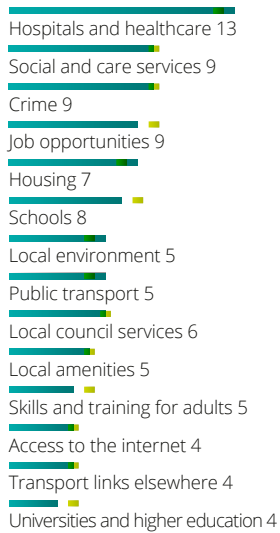


Figure 43. How satisfied are you with... (net satisfaction)

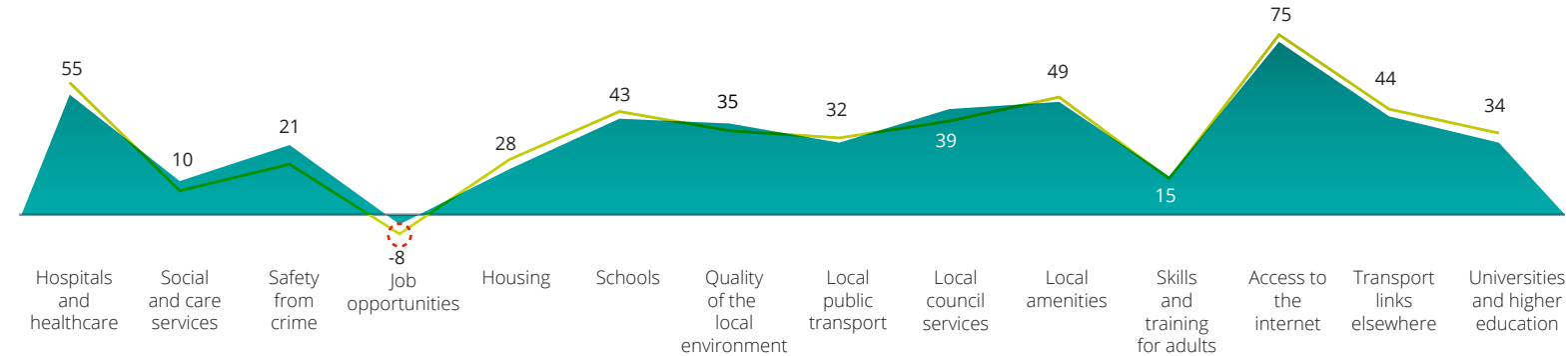
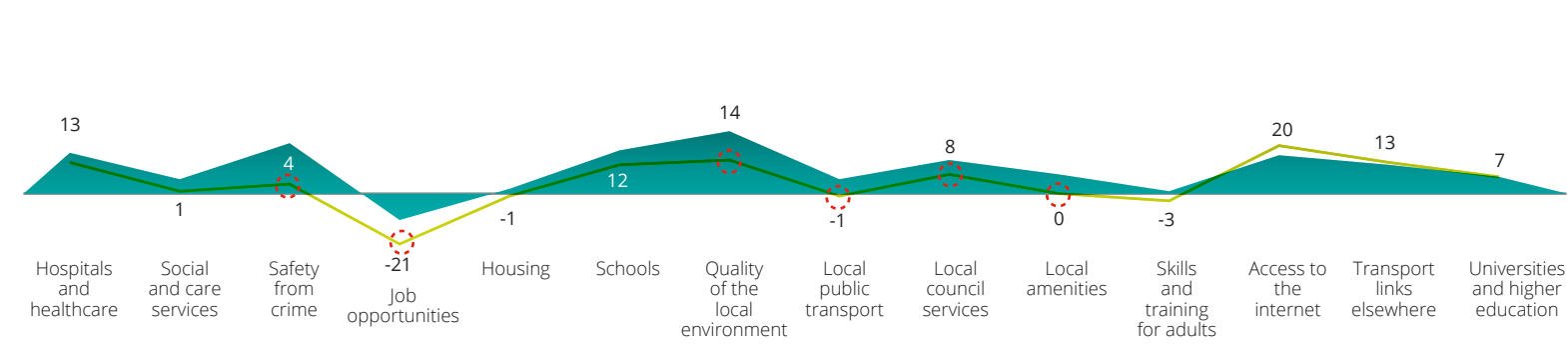


Figure 44. Is your region better or worse for... (% net better)



UK average North West Significantly better Significantly worse

*Number indicates average points allocated to each service out of 100 possible points. Base: 5,574 UK adults aged 16-75.



South East

- 01 Foreword
- 02 Executive summary
- 03 The state according to the public
- 04 The state according to the people who run it
- 05 Northern Ireland
- 06 Scotland
- 07 Wales
- 08 England
- 09 Conclusions
- 10 Contacts

Figure 45. Imagine you have 100 points available to you that represent money which can be spent to improve public services and facilities in your local area. How would you divide the points across the following public services?*

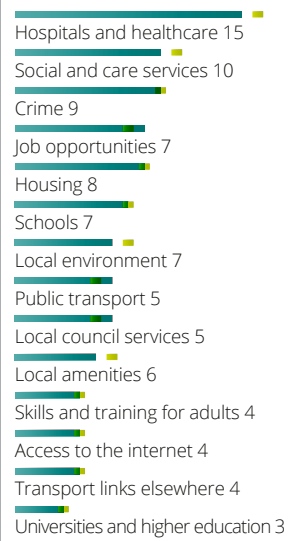


Figure 46. How satisfied are you with... (net satisfaction)

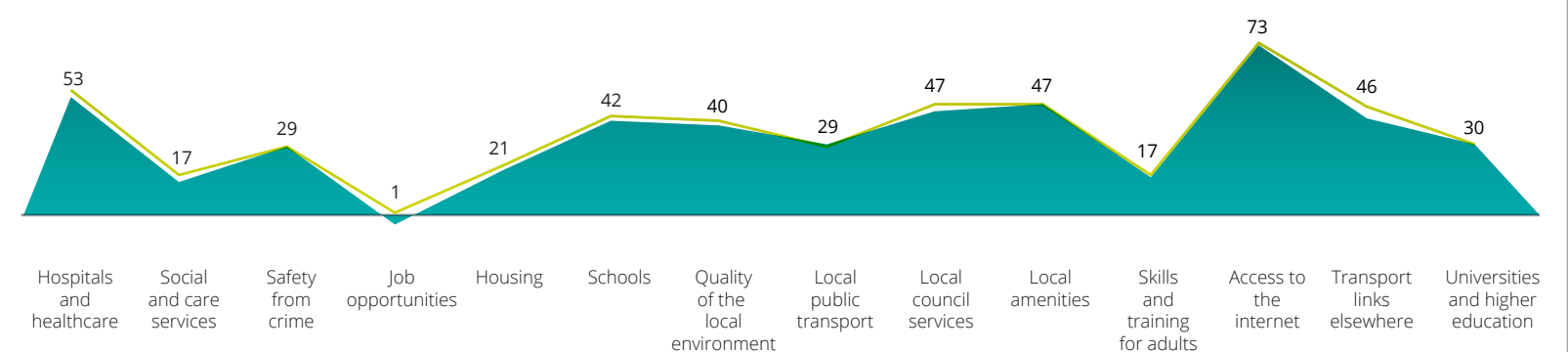
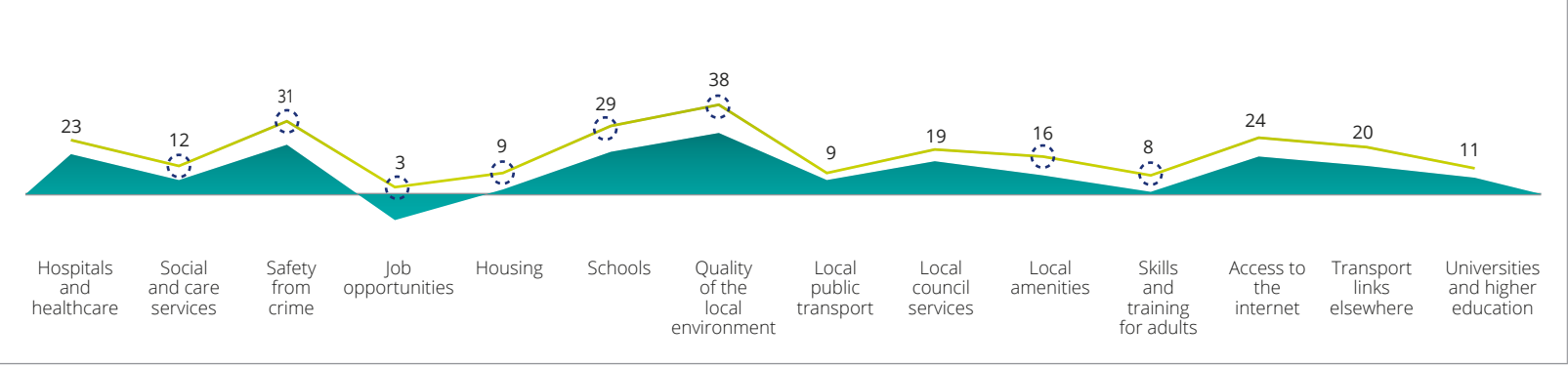


Figure 47. Is your region better or worse for... (% net better)



■ UK average — South East - - - Significantly better - - - Significantly worse

*Number indicates average points allocated to each service out of 100 possible points. Base: 5,574 UK adults aged 16-75.



South West

01 Foreword

02 Executive summary

03 The state according to the public

04 The state according to the people who run it

05 Northern Ireland

06 Scotland

07 Wales

08 England

09 Conclusions

10 Contacts

Figure 48. Imagine you have 100 points available to you that represent money which can be spent to improve public services and facilities in your local area. How would you divide the points across the following public services?*

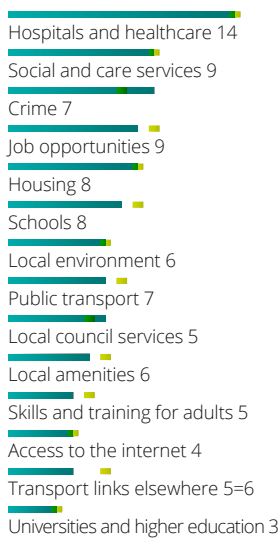


Figure 49. How satisfied are you with... (net satisfaction)

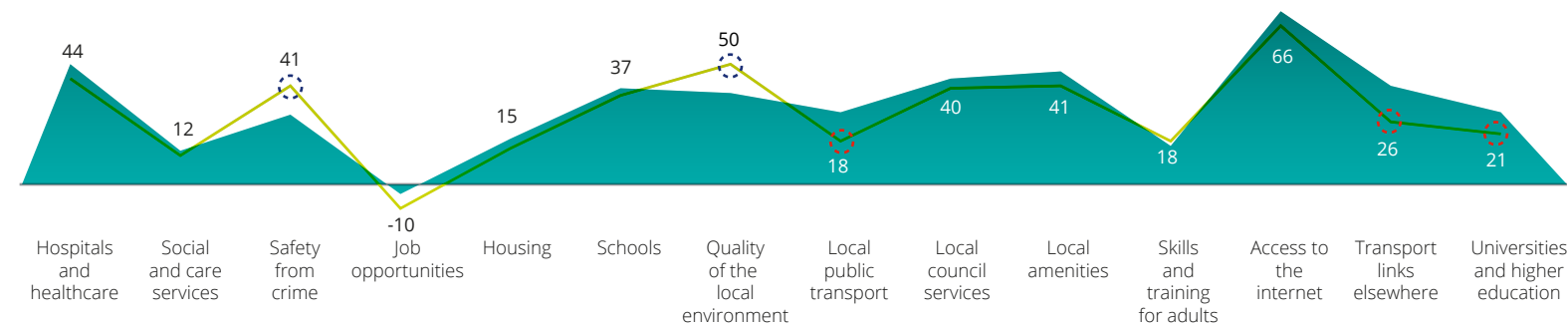
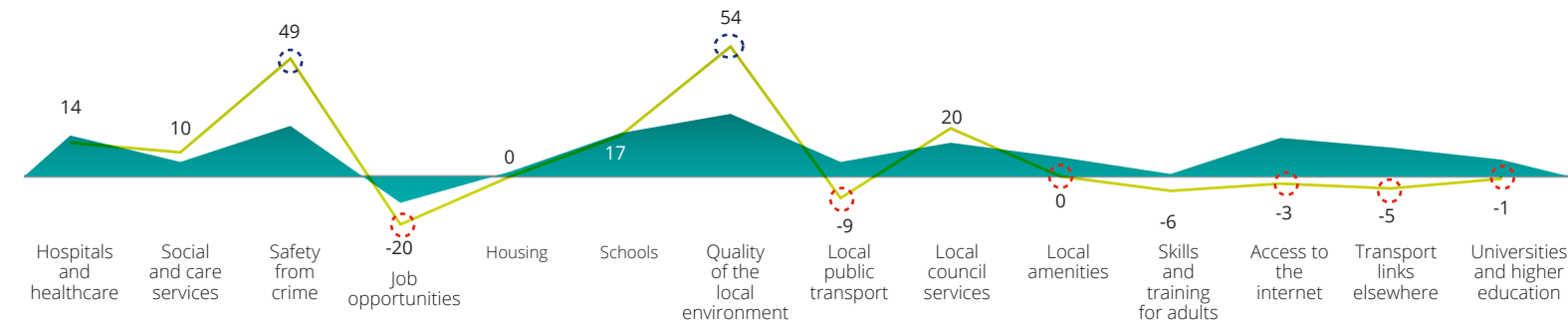


Figure 50. Is your region better or worse for... (% net better)



■ UK average ■ South West - - - Significantly better - - - Significantly worse

*Number indicates average points allocated to each service out of 100 possible points. Base: 5,574 UK adults aged 16-75.



West Midlands

01 Foreword

02 Executive summary

03 The state according to the public

04 The state according to the people who run it

05 Northern Ireland

06 Scotland

07 Wales

08 England

09 Conclusions

10 Contacts

Figure 51. Imagine you have 100 points available to you that represent money which can be spent to improve public services and facilities in your local area. How would you divide the points across the following public services?*

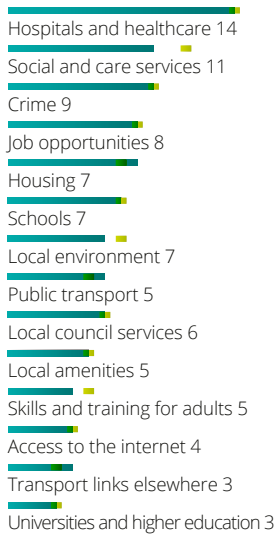


Figure 52. How satisfied are you with... (net satisfaction)

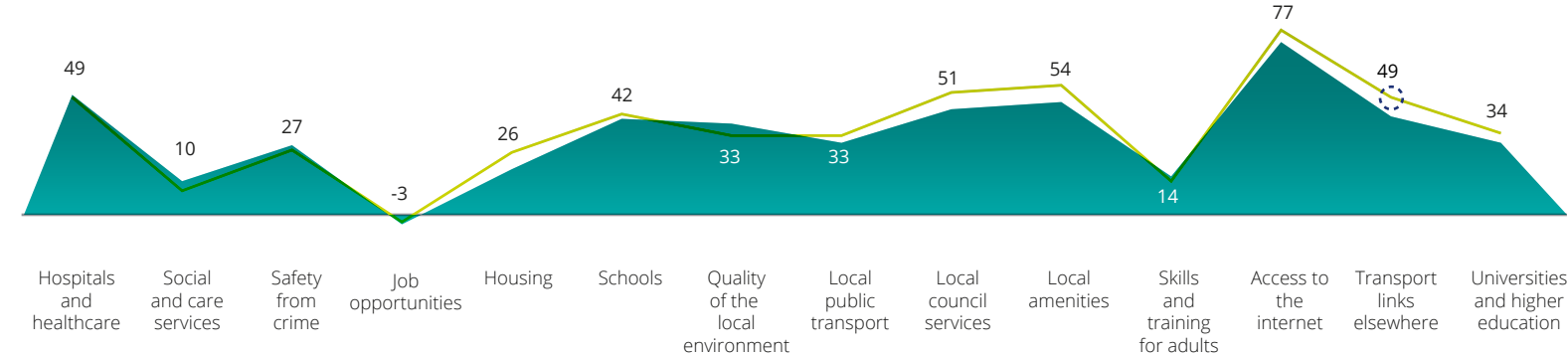
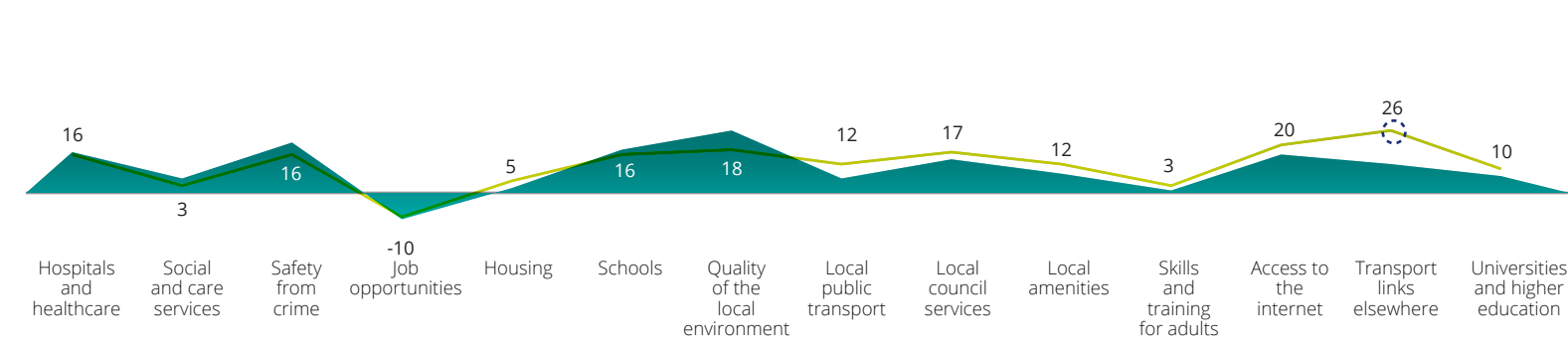


Figure 53. Is your region better or worse for... (% net better)



■ UK average — West Midlands - - - Significantly better - - - Significantly worse

*Number indicates average points allocated to each service out of 100 possible points. Base: 5,574 UK adults aged 16-75.



Yorkshire and Humberside

- 01 Foreword
- 02 Executive summary
- 03 The state according to the public
- 04 The state according to the people who run it
- 05 Northern Ireland
- 06 Scotland
- 07 Wales
- 08 England
- 09 Conclusions
- 10 Contacts

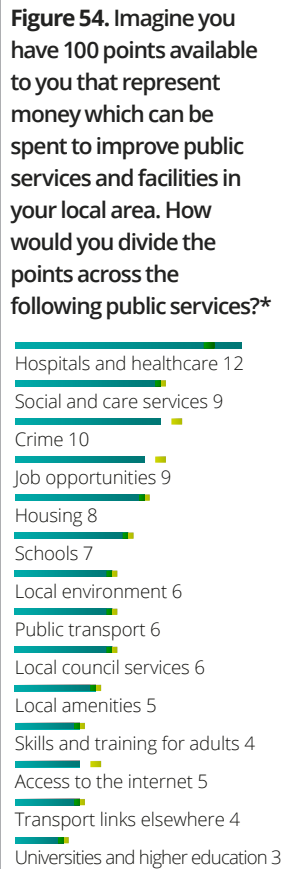


Figure 55. How satisfied are you with... (net satisfaction)

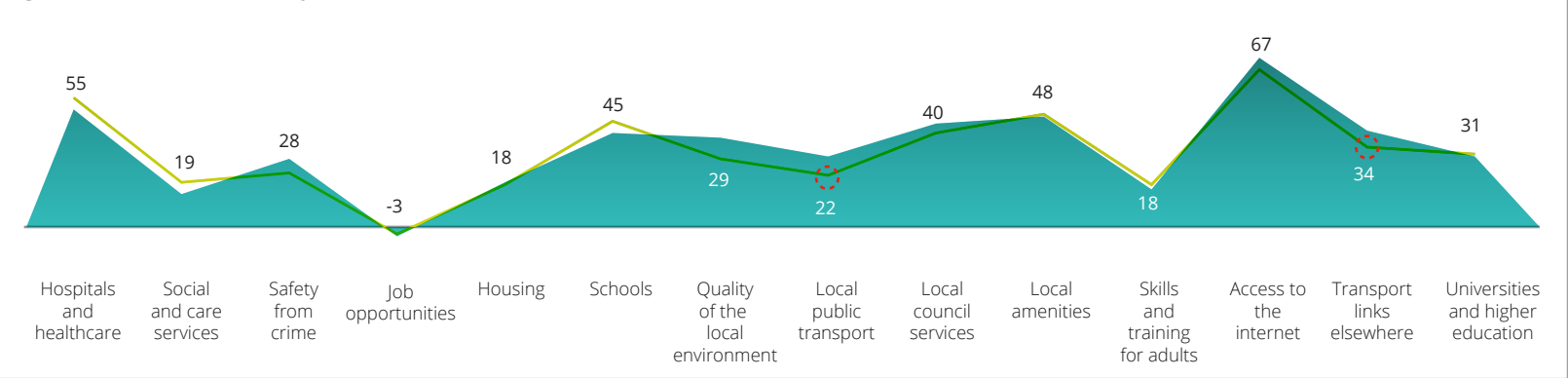
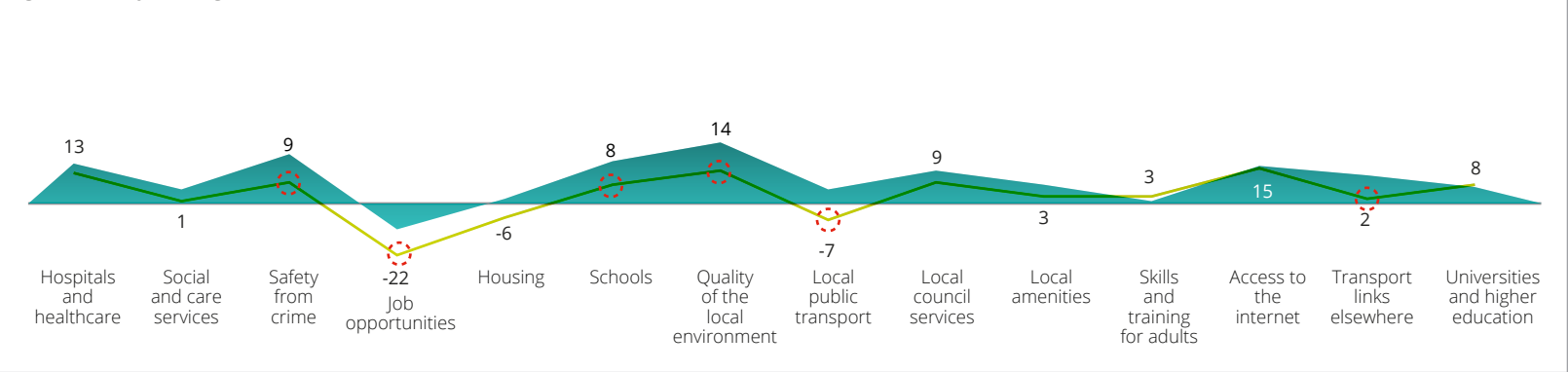


Figure 56. Is your region better or worse for... (% net better)



■ UK average — Yorkshire - - - Significantly better - - - Significantly worse

*Number indicates average points allocated to each service out of 100 possible points. Base: 5,574 UK adults aged 16-75.



01 Foreword

02 Executive summary

03 The state according to the public

04 The state according to the people who run it

05 Northern Ireland

06 Scotland

07 Wales

08 England

09 Conclusions

10 Contacts

Conclusions

What this research means for the state





01 Foreword

02 Executive summary

03 The state according to the public

04 The state according to the people who run it

05 Northern Ireland

06 Scotland

07 Wales

08 England

09 Conclusions

10 Contacts

First and foremost, this year’s *State of the State* puts a spotlight on the outstanding work done by the UK’s public sector as they lead the nation’s fight against COVID-19.

Our research affirms the perception that the public sector has learned significant lessons on ways of working from the pandemic. While the NHS frontline has been recognised for the daily heroism of its medical staff – and rightly so – our report also acknowledges the incredible efforts from the police, from teachers, from local government, from the Civil Service and from every part of government and public services who responded to this pandemic. Not all heroes wear capes, or even uniforms. This summer, some may even have worn pyjama bottoms as they spent their days on video calls to choreograph actions that saved lives and supported livelihoods. From the frontline to the back office, the public sector has done an incredible job for the UK and that work goes on.

One consistent theme that came out of our interviews with public sector leaders was that they want to retain ways of working that emerged during their response to COVID-19. Many talked about the potential for more remote working, and how that might help them access wider pools of talent as well as streamline their estate needs. They also talked about the agility with which they moved at the outset of the pandemic, relaxing bureaucracy and making faster decisions. However, most told us that they sense the gravitational pull back to normality.

The State of the State concludes that senior teams in public bodies should evaluate lessons from their COVID-19 responses and make deliberate decisions about what they mean for the future. If they decide to retain certain ways of working, change management may still be required to ensure those ways of working make the transition from emergency response to business as usual. Ultimately, only deliberate and managed change will be sustainable and avoid a drift backwards.

Decisions on what the pandemic means for office space, given the successful shift to remote working, are particularly complex. Our research found that the most developed thinking is considering how teams can best use their time in person or remotely, which would suggest a shift towards a blend of remote and office-based work. However, decisions on real estate cannot be made in haste by departments employing thousands of people based in offices with leases that might have 20 years left to run. For that reason, *The State of the State* concludes that public bodies should capture evidence and insight on remote working, and not least data on productivity and well-being, to make informed choices when the pandemic eases. Decisions will need to be based on that evidence and on value for taxpayer’s money, rather than on the instincts of those making them.



Our research found an acceleration of digital transformation across the public sector in its response to COVID-19. Many of our interviewees observed a leap in digital during the lockdown months, as departments and agencies innovated with new ways of working and workarounds to replace face-to-face contact. This rapid period of change has shown what is possible – and public bodies should build on the momentum for change and continue to pursue digital transformation across their operating models, ways of working and citizen interaction.



01 Foreword

02 Executive summary

03 The state according to the public

04 The state according to the people who run it

05 Northern Ireland

06 Scotland

07 Wales

08 England

09 Conclusions

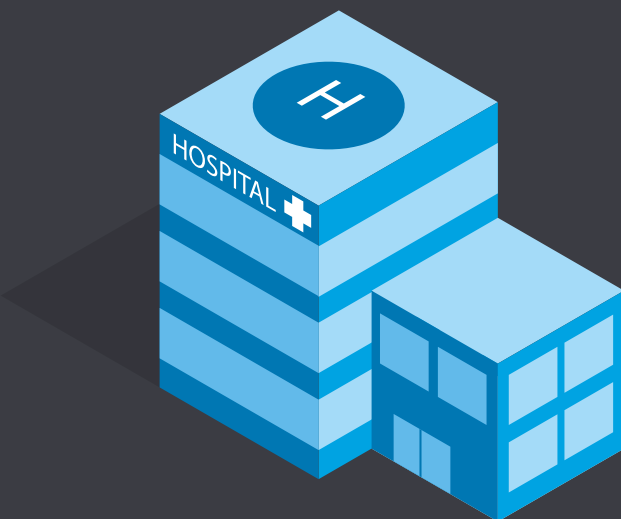
10 Contacts

Dealing with COVID-19 has inevitably dominated the bandwidth of government departments as well as their agencies and our research acknowledges that it has put the state under extraordinary pressure. Years of austerity had already left Whitehall, the devolved administrations and public services with fewer resources. Then in 2016, when the UK voted to leave the EU, its national governments took on the significant challenge of EU exit implementation. Three years later, after a period of lighter domestic policy, the UK government elected in 2019 set out an ambitious agenda that extended well beyond Brexit. All of this meant that by the time coronavirus was declared a pandemic, Whitehall's to-do list already included EU exit, levelling up the UK's regions, establishing a long-term solution to social care funding and beginning the transition towards a net zero economy. Each of these are major undertakings in their own right. Few global corporates would attempt a set of transformational changes at that scale, at the same time, and many would rethink them if additionally challenged with a crisis.

Government therefore needs to be mindful of its capacity as well as its capability. While Civil Service reform focuses on skills and capabilities, it also needs to consider departmental bandwidth. That does not necessarily mean the state should grow or shrink, but greater interoperability across government could allow talented civil servants to be deployed according to demand in the system. Our research suggests that the current phase of Civil Service reform should recognise that its success depends on cultural change in Whitehall, and develop a purpose-driven transformation programme that builds support.

Capacity can also be generated from outside the public sector. Government's COVID-19 response illustrated that it is able to choreograph partners in the private and voluntary sectors at pace and at scale, and that should continue so that government can deliver the outcomes it needs, ramping up its capacity through skills and investment from other sectors.

Seizing a positive legacy from the tragedy of coronavirus could be critical in helping the public sector deal with a challenging post-pandemic environment. Against the backdrop of strained public finances and a recession, leaders of public services expect to see demand for services rise while their day-to-day budgets may not.



On the further horizon, the government still faces major decisions on the sustainability of health services with demand continuing to increase and on the long-term funding of social care. The Integrated Review of Security, Defence, Development and Foreign Policy could also come with substantial implications for investment and choices to be made. The challenge of shifting the UK to a net zero economy also looms large for the UK and devolved governments. The scale of that challenge, and government's role in making it happen, is beginning to form.

Another consistent theme in our research was levelling up. There is no doubt that public sector leaders believe it is the correct diagnosis for the UK. However, many questioned whether it has been adequately defined and some were pessimistic about its chances of success unless its delivery is driven by joined-up regional plans that are owned by leaders in both public and private sectors. Several wanted a greater focus on skills and for better connections between business, local economic need and education providers.



01 Foreword

02 Executive summary

03 The state according to the public

04 The state according to the people who run it

05 Northern Ireland

06 Scotland

07 Wales

08 England

09 Conclusions

10 Contacts

The State of the State concludes that government should bring clarity to what levelling up means and set out a single view that draws together its existing programmes on infrastructure spending, skills, devolution, transition to a green economy and industrial strategy into a cohesive, cross-departmental programme with trackable progress indicators. In order to kickstart progress, new partnership arrangements could be formed between national government and local areas, encompassing the local public sector, local businesses and the third sector. Those partnerships could align priorities, agree investment programmes and co-ordinate activities under accountability arrangements that would support the onward move towards more formal devolution.

Our survey explored what the public believe needs levelling up in their region by asking what they believe is better elsewhere, and how they would invest locally. It finds that views differ by region – which itself is an argument for levelling up and for regional devolution to drive it – and that levelling up means a lot more than infrastructure spending. The survey shows that people do indeed want transport links to the rest of the UK, but they are actually more concerned about local job opportunities and just as worried about local public transport. For that reason, our report concludes that government should not overlook investment in local transport systems as well as projects that improve connections around the country.

Our *State of the State* interviews found many leaders keen that government and public services makes better use of data, and builds greater data literacy in its people. On

the same subject, our survey found that the public have mixed feelings about the concept of government sharing its data, but are generally comfortable when asked about individual data types being used to drive decision making. It also found high, and growing, levels of comfort with the NHS using public data.

Our conclusion is that government needs to continue building its data capabilities and its data skills, pursuing a more data-driven approach to policymaking and delivery, while simultaneously building consent with the public and across the public sector. The size of the prize is substantial – effective use of data could be the single most transformative ability that government could develop.

Finally, *The State of the State* observes how devolution continues to evolve. The differences between the devolved administrations and Whitehall become ever-more significant, and those differences took a leap forward with fiscal powers that were devolved in the wake of the 2014 Scottish independence referendum. The political tensions and complexities that have emerged between Westminster, Holyrood, Cardiff and Belfast may not have been anticipated when the devolution began twenty years ago, but ironically they are testament to its success and its maturity.

Our interviews with public sector leaders in all of the devolved governments suggests that the year ahead will be characterised by growing debates on the next stages of devolution. Elections to the Scottish and Welsh Parliaments will likely see their politics continue to diverge from

Westminster, from Northern Ireland and from each other. At the same time, the need for economic recovery is likely to shine a spotlight on the extent of their fiscal powers, which will also come under formal review in Scotland, and EU exit will put Northern Ireland at the centre of complexities over the future relationship between the UK and EU as well as how to implement its border.





01 Foreword

02 Executive summary

03 The state according
to the public

04 The state according to
the people who run it

05 Northern Ireland

06 Scotland

07 Wales

08 England

09 Conclusions

10 Contacts

Contacts



01 Foreword

02 Executive summary

03 The state according to the public

04 The state according to the people who run it

05 Northern Ireland

06 Scotland

07 Wales

08 England

09 Conclusions

10 Contacts

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