



The State of the State 2022-23

From the pandemic to a cost of living crisis

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Methodology

The State of the State brings together quantitative and qualitative research to create an evidence-led view of the UK public sector.

Our quantitative research comprises a poll of public attitudes delivered by Ipsos UK, who conducted an online survey of 5,813 UK adults aged 16-75 between 2 and 20 September 2022, just as former Prime Minister Liz Truss took office but before September's 'mini-budget' statement.

Quotas were set to reflect the known profile of the UK adult offline population and a boost sample was achieved in each of the UK nations. In total 899 responses were achieved in Scotland, 659 in Wales and 445 in Northern Ireland. For the UK figures, results have been weighted back to the correct proportion for each nation.

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

Our qualitative research comprises interviews with 54 public sector leaders including elected representatives, permanent secretaries and other senior civil servants, police leaders including chief constables, council chief executives and NHS trust chief executives. Those interviews were conducted between July and October 2022.

The views of interviewees quoted in this report are their own and not the views of Deloitte or Reform.

Foreword

Welcome to *The State of the State 2022-23*.

This is the 11th edition of Deloitte and Reform's report on the UK public sector. Since 2012, we've aimed to create an annual snapshot of what's happening across government and public services to serve as an evidence base for informed discussion.

This year's *State of the State* finds the public sector undeniably challenged. After two years of the COVID pandemic, the virus has become an endemic part of daily life but has pushed the health system to unsustainable levels of pressure. Russia's invasion of Ukraine has ramped up geopolitical instability and exacerbated the energy and cost of living crises. At the same time, many in the public sector workforce feel run down after more than two relentless years of the pandemic.

Much of the research for this year's report took place against the sad backdrop of Her Majesty Queen Elizabeth II's passing. Her loss was felt with a unique relevance across the UK's governments and public services, over which she was head of state for more than 70 years.

We would like to take this opportunity to pay tribute to her outstanding service and to wish the very best to King Charles III as he takes up this constitutional element of his role.

The research concluded with our annual survey of public attitudes, which took place just as former Prime Minister Liz Truss took office. The findings point to a public deeply affected by the cost of living crisis and concerned about NHS waiting lists, but amid those immediate issues, they also want government to focus on longer-term challenges like climate change.

As in previous years, the report also draws on more than fifty interviews with public sector leaders. We have spoken to hundreds of exceptional leaders from government and public services in the past ten years of this research, but this year stands out – never before have we heard so many leading figures so eager for bold reform. After decades of debate about the sustainability of public spending and the scope of the state, its leaders want to see big, bold choices and new thinking on how government operates. We hope this *State of the State* is a constructive body of evidence that can inform that thinking.



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Executive summary

Introduction

Last year's *State of the State* commented on a 'new normal' emerging for government and public services in the UK. After eighteen months battling against the pandemic, the public sector had adapted to COVID's presence and started to deal with its legacy. But by the end of 2021, inflation was rising and a cost of living crisis had begun. The UK and devolved governments launched a range of measures to support household finances, followed this autumn by a series of shifts in fiscal policy and fast-paced political change in Westminster.

Against that backdrop, this year's *State of the State* finds public attitudes to government deeply affected by the economic situation. It also finds public sector leaders eager for reform after years responding to crises. Our research interviews with senior officials heard compelling visions for the future of a sector that better empowers communities, realises the potential of its data and doubles down on its mission.

The State of the State blends quantitative and qualitative data to provide a view of the state according to the people who depend on it and the people who run it.

About our research

The State of the State blends two forms of research. To understand public attitudes, Deloitte and Reform commissioned Ipsos UK to survey more than 5,000 people. We then interviewed more than 50 senior public sector figures including permanent secretaries and other senior civil servants, police chief constables, council chief executives, NHS leaders and elected representatives past and present. Together, this blend of quantitative and qualitative data provides a view of the state according to the people who depend on it and the people who run it.



The State of the State according to the public

Our citizen survey was conducted in September 2022 and offers eight insights into public sentiment on the state:



The public is split on the balance of taxes, borrowing and spending – with no consensus on the right direction.

After the unprecedented response to the pandemic, and amidst a cost of living crisis, the public is split on the right balance between taxes, borrowing and public spending. Some 33 per cent say they want lower taxes or borrowing compared to 29 per cent who want higher public spending than at present and 17 per cent who want to retain the current balance of tax and spend. This suggests a public appetite for change, but no consensus on the right direction.



Views on tax and spending differ across the UK nations.

Our survey finds the same broad split of attitudes to tax and spending in all parts of the UK, but the Scottish public are more inclined towards higher spending while people in Northern Ireland are the most keen on tax cuts.



Public priorities are the cost of living crisis and NHS waiting lists, followed by climate change.

When asked to name priorities for government, 81 per cent of the public said it should focus on cost of living issues, followed by 66 per cent who said NHS waiting lists. The public's next biggest priority, at 46 per cent, was climate change. While some commentators suggest the UK Government has relaxed its stance on net zero, the public clearly want action.



Priorities for government differ by nation and region of the UK.

Our survey found significant variations in public priorities for government around the UK. For example, climate change is a lesser priority for people in Northern Ireland but a higher priority than the UK average in the South West of England.



Trust varies across government and public services, and it has gone down.

For the public sector, there are real-world consequences when public trust falters. Our survey found that the Scottish and Welsh Governments, as well as the NHS, are among the most trusted parts of the public sector but trust has slipped overall. While levels of trust in the police remain strong, the public's confidence that they 'do the right thing' has dropped eleven percentage points since last year.



An otherwise pessimistic public think our protection against COVID is improving.

Our survey found the public pessimistic about many of the issues facing society and the public sector. People are particularly unconvinced that the cost of living will improve, with 74 per cent expecting it to get worse. However, 27 per cent believe the UK's protection against COVID is getting better, with only 17 per cent worried it could worsen.



When it comes to digital public services, data security is a non-negotiable.

Our survey asked the public about its priorities when engaging with public services online. Some 73 per cent said keeping their data safe is essential or very important, suggesting that needs to be a prerequisite for any digital interaction with the public sector. Our survey also found that digital priorities vary by age, with 55-75 year olds more concerned about ease of use than younger age groups. All of this underscores the importance of user research if the public sector is going to deliver the digital experience the public wants.



The private and third sectors can reduce pressure on local services but the public worry about accountability.

Our survey asked the public to name the advantages and disadvantages of private and third sector partnerships with the public sector. Some 29 per cent said the main advantage of private sector engagement is their ability to reduce pressure on vital services, but 38 per cent had concerns about accountability. Addressing those issues will be vital to assure the public as government seeks to deliver more through partnerships and drive social value through procurement.

The State of the State in the words of public sector leaders

This year, we interviewed 54 public sector leaders about their priorities, challenges and outlook for the future. Those interviews offer eight key insights into what's happening across government and public services:



Cost of living is hitting public service budgets, demand and workforces.

Leaders told us that inflation is reducing their spending power while fallout from the cost of living crisis is pushing up demand on local services. Many are also worried for the lower paid in their workforces.



Health and social care leaders talk openly of an NHS crisis.

Healthcare leaders told us that the NHS and social care system, weakened by the pandemic, has now reached crisis point. Many cite the ongoing pressures of COVID, the interface between health and social care, and longstanding workforce shortages as key issues.



Call it Levelling Up or not, local growth means connecting skills, jobs and transport.

Amid questions about whether Levelling Up remains a government priority, our interviews found that local public sector leaders believe growth is driven by ensuring people have access to jobs, the skills they need to do them and the transport they need to get to work – and the public sector's mission to deliver these goes on.



Net zero needs to be government's business as usual.

Some interviewees told us that they have been diverted from climate change plans by the cost of living crisis, and others that net zero needs to be better integrated into their day-to-day work. Several shared concerns about the public sector estate and the challenge of bringing it up to carbon neutral standards.



Trust matters – especially in policing.

Leaders across the public sector told us they were concerned about levels of public trust. That was especially true in conversations with police leaders who say that, after a series of incidents, rebuilding trust is their number one priority.



The digital journey goes on but the public sector is in the hard yards towards data-driven government.

Our interviews found that public sector leaders are increasingly aware of the possibilities for data-driven government and the use of artificial intelligence, but they are in the hard yards of the digital journey as legacy IT and interoperability issues remain.



Public sector reform will mean choices about the scope of the state.

Many interviewees told us that debates around government headcount need to be broadened to consider other drivers of cost, but that ultimately, government reform will require difficult choices about what the state does and does not deliver.



The future of government is greater than the sum of its parts.

Our interviews with public sector leaders explored how they would like their organisation to look in 2030, and a set of common themes emerged:

1. Public sector leaders want to see streamlined government, reshaped by bold reforms.
2. The sector can be greater than the sum of its parts through more effective collaboration between public bodies.
3. Many believe that government should do less itself, but empower communities and deliver through others.
4. Being data-led and digital to the core could help channel resources where they are needed most.
5. Inclusive and inspiring leadership at all levels will help the sector support its workforces.

Accelerating into the future of government

This year's *State of the State* reports on a public and a public sector that want change. But the scale of the challenge for government and public services, their unsustainable levels of funding and longstanding pressures on their workforces all suggest a system that needs bold reform rather than incremental adjustments. Against that backdrop, our research points to three accelerators that could help power the sector towards its own vision for the future:



Government needs to think post-digital

In an age where digital is all-pervasive, the public sector needs to think beyond digital strategies to a future where digital is inherent in everything and practical applications using technologies like artificial intelligence can be realised. That will require resolving legacy issues and focusing on interoperability as well as a shift in mindset – instead of asking ‘what can digital do for us’, officials need to ask ‘what problems do we want to solve for the public’.



Trust needs to be prioritised and rebuilt with purpose

Trust is easy to lose and difficult to build. Research suggests that trust is generated through a combination of courageous leadership, good customer experience, conduct with integrity, acting decisively when things go wrong, open communications and setting an inclusive culture. All of that can be achieved by leaders acting with purpose – and those leaders are already one of the public sector's strengths.



Today's challenges require optimisation for delivery and outcomes

Our research finds the public sector stretched yet ambitious for the future. Meeting those ambitions will require a sector that is highly geared towards delivery and achieving outcomes. That means continuing to build on transformation delivery and leadership capabilities, successfully using partners in the private and voluntary sectors, making difficult choices about what not to do and making sure government is structured for delivery.

The State of the State according to the public



The State of the State according to the public

This section of *The State of the State* explores public attitudes to government and public services, drawing on our annual survey.

Key findings are:

- The public is split on the balance of taxes, borrowing and spending – with no consensus on the right direction
 - Views on tax and spend differ across the UK nations
 - Public priorities are the cost of living crisis and NHS waiting lists, followed by climate change
 - Priorities for government differ by nation and region of the UK
 - Trust varies across government and public services – and it has gone down
 - An otherwise pessimistic public think our protection against COVID is improving
- When it comes to digital public services, data security is a non-negotiable
 - The private and third sectors can reduce pressure on local services but the public worry about accountability



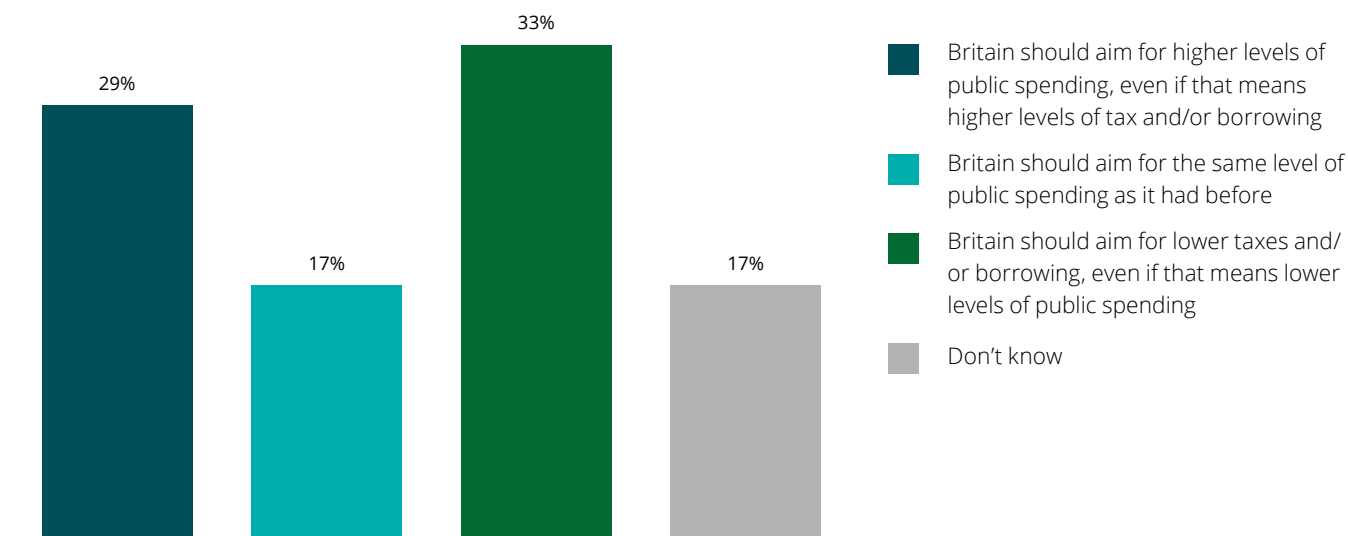
The public is split on the balance of taxes, borrowing and spending – with no consensus on the right direction

- Our *State of the State* survey took place just before the former Chancellor's Growth Plan was launched in September
- The survey found the public split on the balance of taxes, borrowing and spending – with no consensus in the right direction
- Marginally more people prefer lower taxes or borrowing than spending rising from current levels

Our *State of the State* survey finds the public split on the balance of taxes, borrowing and spending. This survey was taken after the Rt Hon Liz Truss MP was appointed Prime Minister but before the 'mini-budget' and subsequent amendments.

After years of shocks to public spending, and amid concerns about cost of living, the public appear split on the right balance of tax and spend, though marginally more prefer lower taxes and borrowing than higher spending.

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. Which of the following, if any, do you think should be UK government policy for the balance between public spending and the levels of taxation and public borrowing in the future?

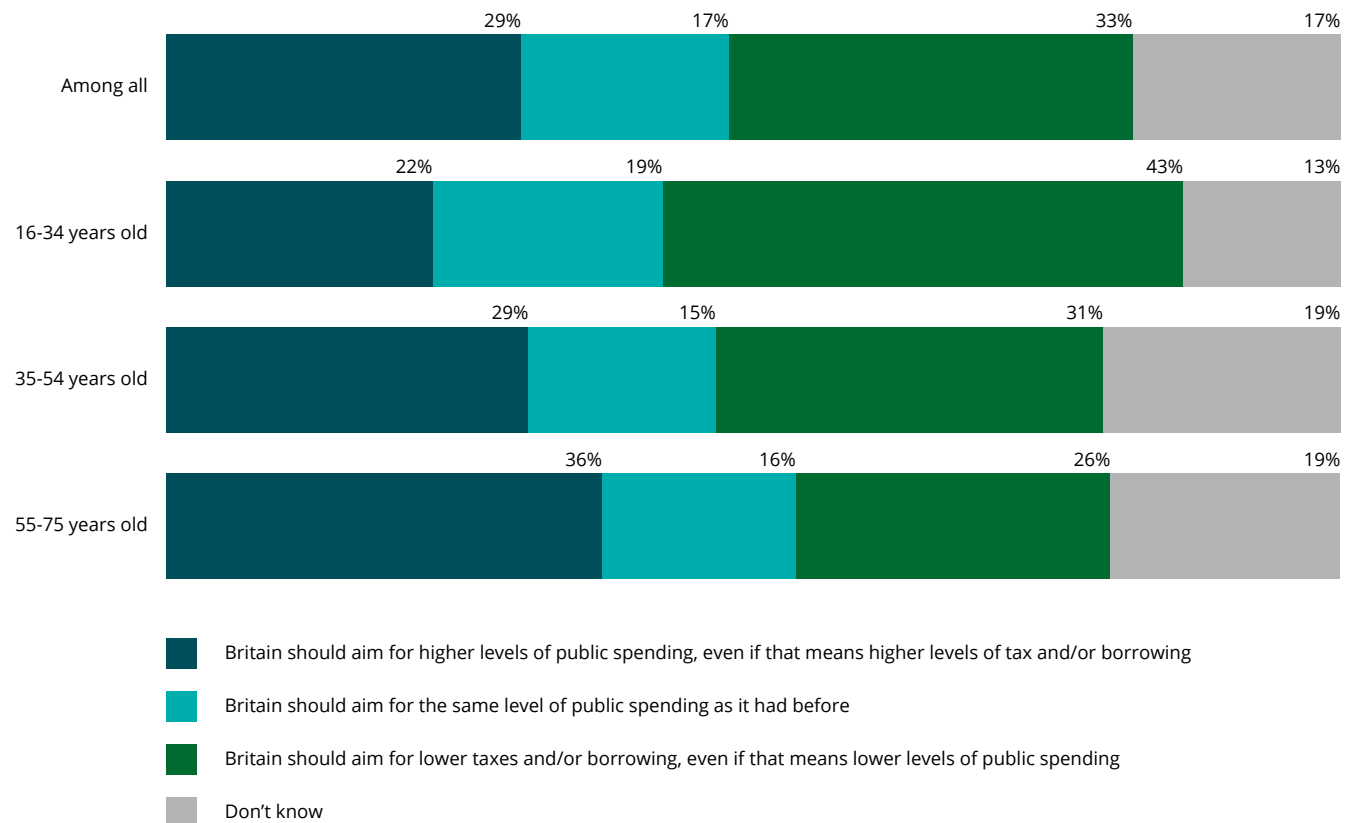


Base: 5,813 Online UK adults 16-75.

Our data shows some differences in these views by age, with younger people more likely to want lower taxes and older people more likely to favour higher tax and higher spending.

Some 43 per cent of 16-34 year olds told us they want to see lower taxes compared to the UK average of 33 per cent, while 36 per cent of 55-75 year olds want to see higher levels of tax and spending compared to the UK average of 29 per cent.

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. Which of the following, if any, do you think should be UK government policy for the balance between public spending and the levels of taxation and public borrowing in the future?



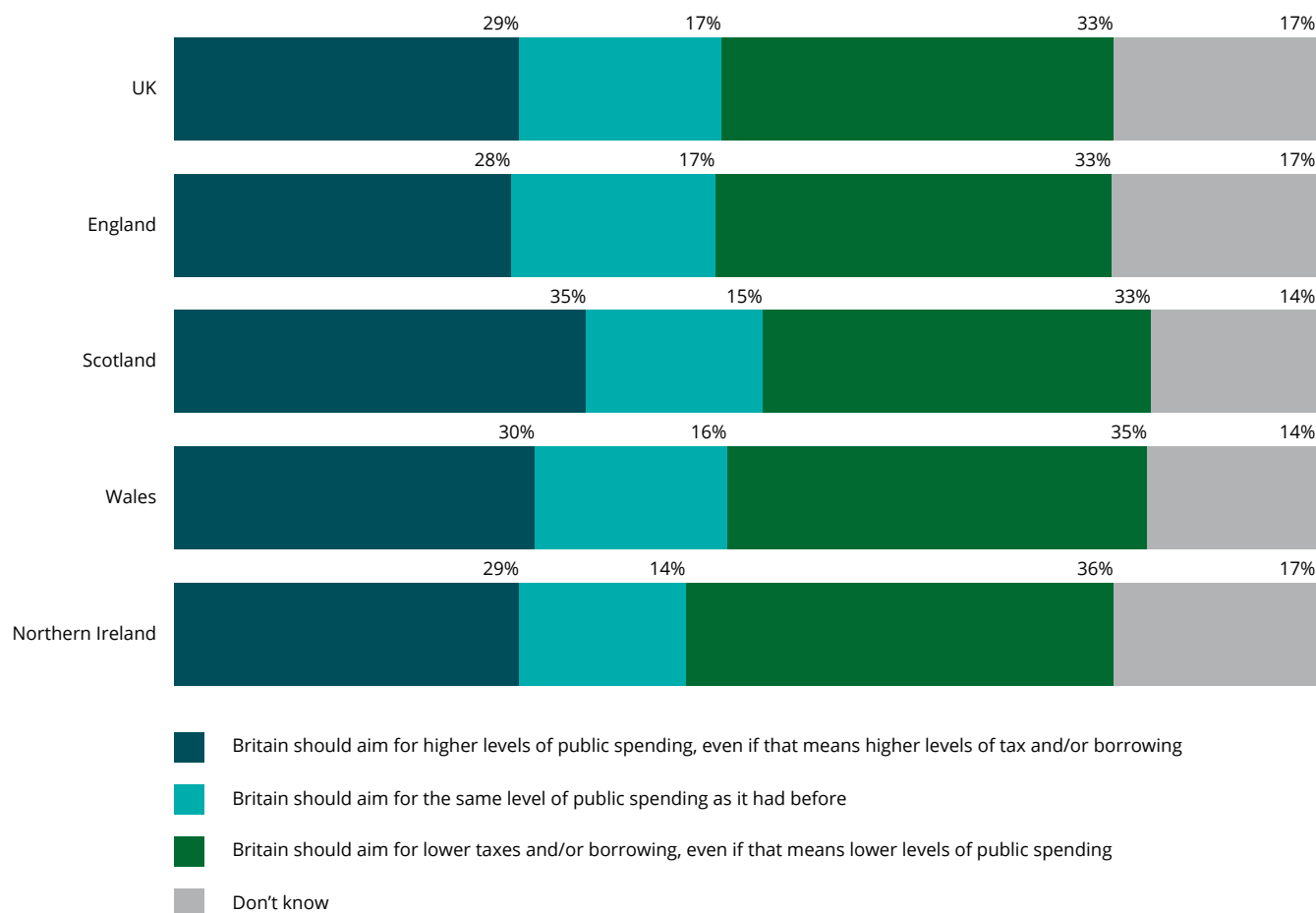
Base: 5,813 Online UK adults 16-75.

Views on tax and spend differ across the UK nations

- Overall all four nations share the same broad split of opinion
- Scotland is the only UK nation to favour higher spending over tax cuts

Views on tax and spending differ across the UK. While all four nations share the same broad split of opinion, Scotland stands out as the only nation with a preference towards higher public spending and higher taxes to fund it. Some 35 per cent of Scottish people want to see higher taxes to fund higher public spending compared to a UK average of 29 per cent.

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. Which of the following, if any, do you think should be UK government policy for the balance between public spending and the levels of taxation and public borrowing in the future?



Base: 5,813 Online UK adults 16-75.

Public priorities are the cost of living crisis and NHS waiting lists, followed by climate change

- The public's top priorities for government are the cost of living and NHS waiting list crises
- Climate change is the third highest priority, closely followed by crime and social care
- While tackling regional inequality was mentioned by just 22 per cent of the public, many individual components of 'Levelling Up' are higher up the list of priorities

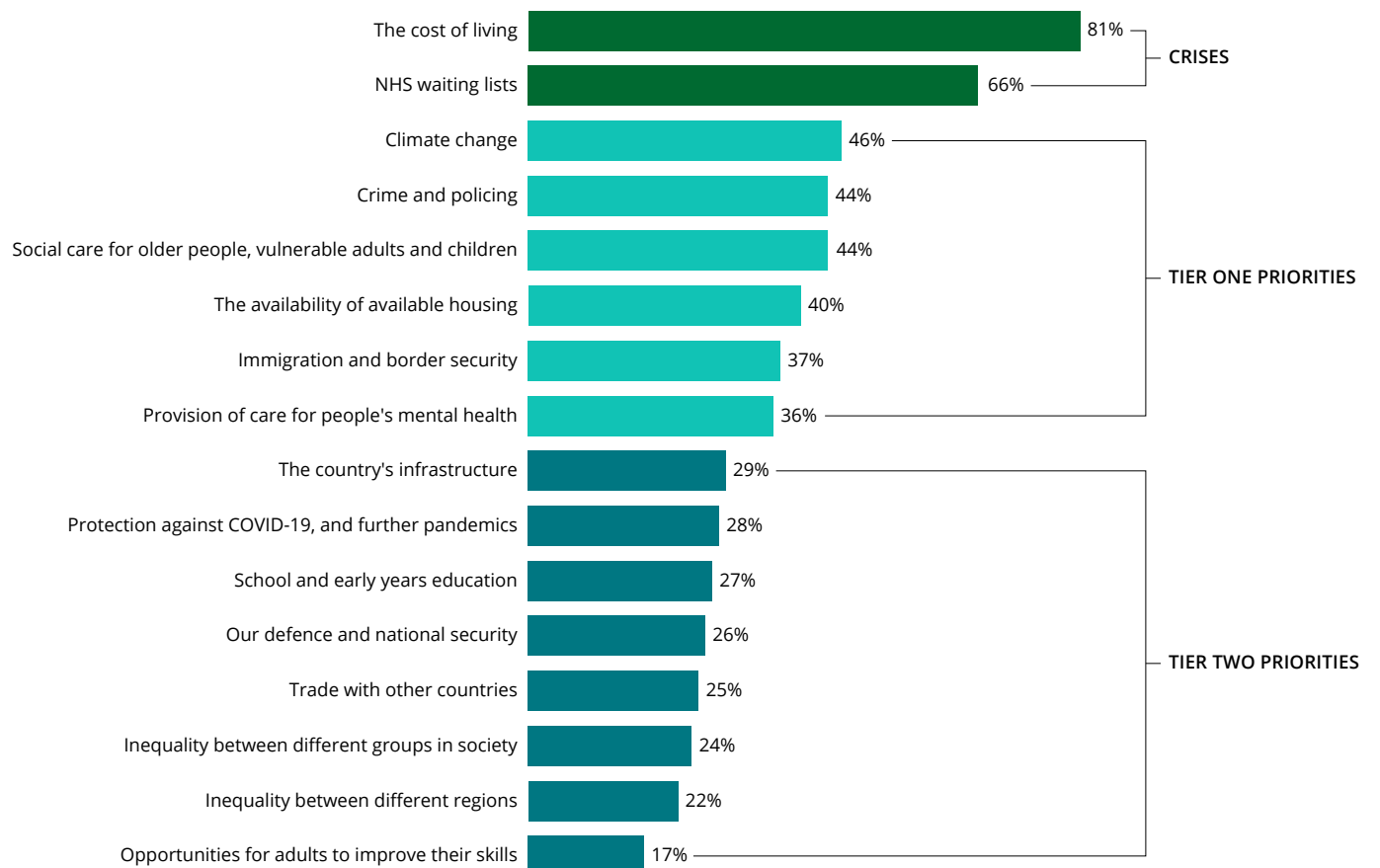
Our survey asked the public to name its top priorities for the government to tackle. The results suggest three tiers of priorities: crises for which the public expect immediate action, tier one priorities that are pressing public concerns, and then tier two priorities that the public recognise as requiring action but perhaps with less urgency.

Perhaps inevitably, the majority of the public said government must tackle the cost of living crisis and NHS waiting lists above anything else.

Topping the list of the tier one priorities is climate change. While some observers have suggested the UK Government has relaxed its stance on climate change, the public mood is clearly for action.

Commentators have also asked whether the Government's focus on 'Levelling Up', widely associated with former Prime Minister Boris Johnson, is set to continue. While tackling inequality between regions was only described as a priority by 22 per cent of the public, many of the components of Levelling Up are in fact higher up the priority list – housing, for example, was described as a priority by 40 per cent of the public.

Which of the following issues, if any, do you think should be the top priorities for improvement in the UK over the next few years or so?



Base: 5,813 Online UK adults 16-75.

Priorities for government differ by nation and region of the UK

- Crime is a lower priority in Scotland and Wales compared to England
- Climate change is a lower priority in Northern Ireland than other parts of the UK
- Tackling inequality between the regions is a bigger priority for people in the North of England

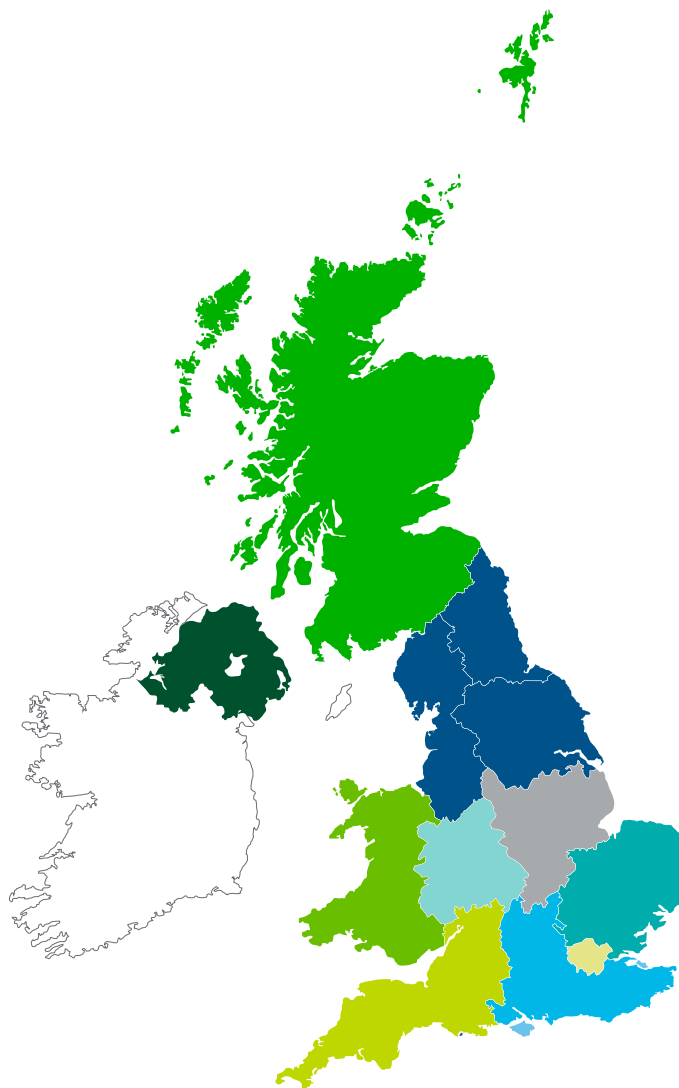
Our survey finds significant differences in priorities for government around the UK, as illustrated on this map. See chapters on the UK's nations and England's regions for more detail.

Northern Ireland – Climate change is lower down the list of priorities, with social care, housing and mental health the biggest concerns after cost of living and NHS waiting lists.

West Midlands is less concerned about regional differences – Just 17 per cent in the West Midlands say regional inequality is a priority compared to the UK average of 22 per cent.

Crime is less of a priority in Wales – Just 39 per cent in Wales describe crime as a priority compared to a UK average of 44 per cent.

South West is more worried about climate change and housing – Climate change is a bigger priority for 52 per cent compared to the UK average of 46 per cent, and affordable housing is an issue for 46 per cent compared to a UK average of 40 per cent.



Scotland – Crime is less of a priority than the UK average, mentioned by 36 per cent in Scotland compared to a UK average of 44 per cent.

North West and North East prioritise levelling up – Regional inequality is a bigger priority for 31 per cent in the North West and 29 per cent in the North East compared to the UK average of 22 per cent.

East Midlands is most concerned about cost of living – On trend with the rest of England, 81 per cent of those in the East Midlands want government to prioritise the cost of living.

East of England worried about cost of living – On trend with the rest of England, 81 per cent of those in the East of England want government to prioritise the cost of living.

London is more concerned about social than regional inequality – Social inequality is a priority for 30 per cent compared to the UK average of 24 per cent.

South East is least concerned about regional inequality – Just 13 per cent in the South East say regional inequality should be a priority compared to a UK average of 22 per cent.

Base: 5,813 Online UK adults 16-75.

Trust varies across government and public services, and it has gone down

- Trust in government varies by nation, service and capability
- Overall levels of trust have declined in the past year, with some exceptions in Wales
- Public trust for the police to 'do the right thing' has dropped eleven percentage points

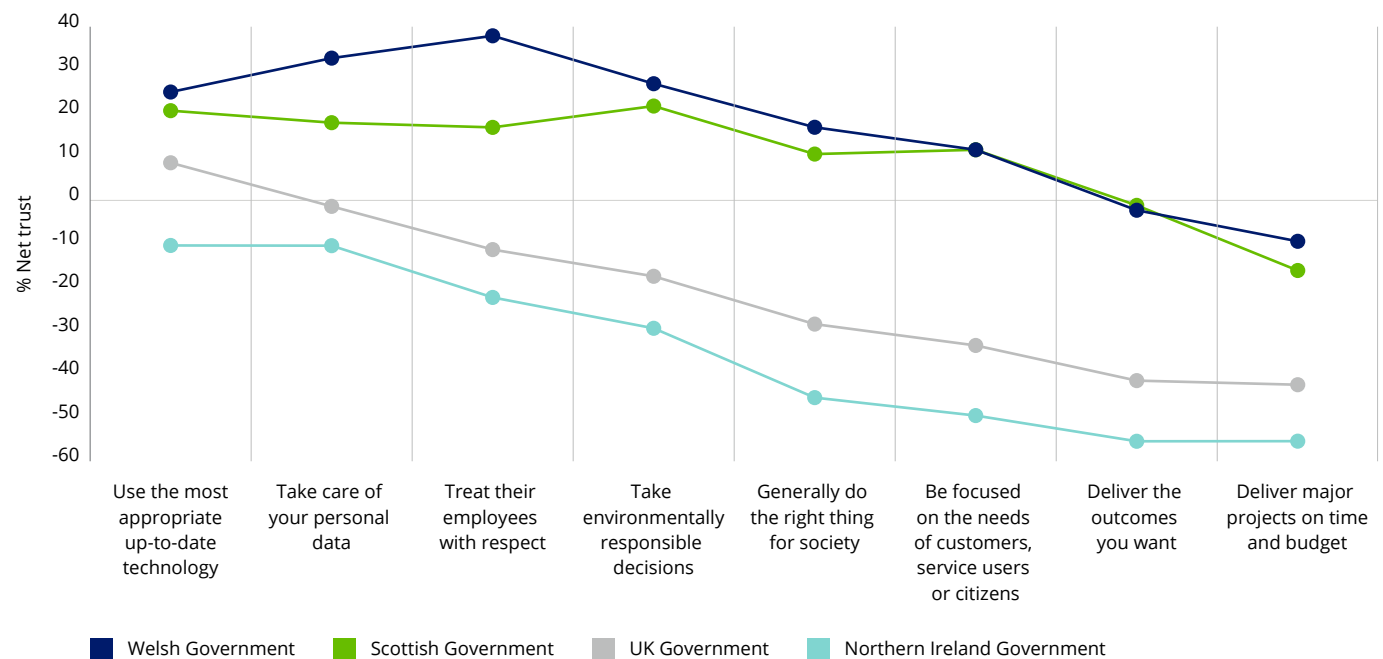
Our *State of the State* survey explored levels of trust and confidence in government. Overall it found varying levels of trust by nation, service and capability. All respondents were asked about the UK Government while those in Northern Ireland, Scotland and Wales were additionally asked about their devolved governments.

The chart to the right shows that the Scottish and Welsh Governments enjoy significantly higher levels of trust than the UK and Northern Ireland Governments. That's likely driven in part by pride in devolution and national identity in Scotland and Wales, while the continued absence of an Executive is likely to be affecting public opinion in Northern Ireland.

Looking beyond geography, we can see that trust also varies by function. There appears to be a public perception that governments struggle to deliver major projects on time and to budget. Media coverage inevitably shapes that view, which gives outsized attention to delays on high profile projects but less attention to successes.

The Infrastructure and Project's Authority annual report allows for full transparency across the government's entire portfolio of major projects, and assigns a Delivery Confidence Assessment to each. Its latest report rates 27 of 235 projects as red or 'likely unachievable' and while that is the highest level in the last ten years, it is mostly due to changes in the assessment rankings.

To what extent, if at all, do you trust...to...?



Figures shown are % net trust (great deal/fair amount minus not very much/not at all).

Base: 5,813 Online UK adults 16-75.

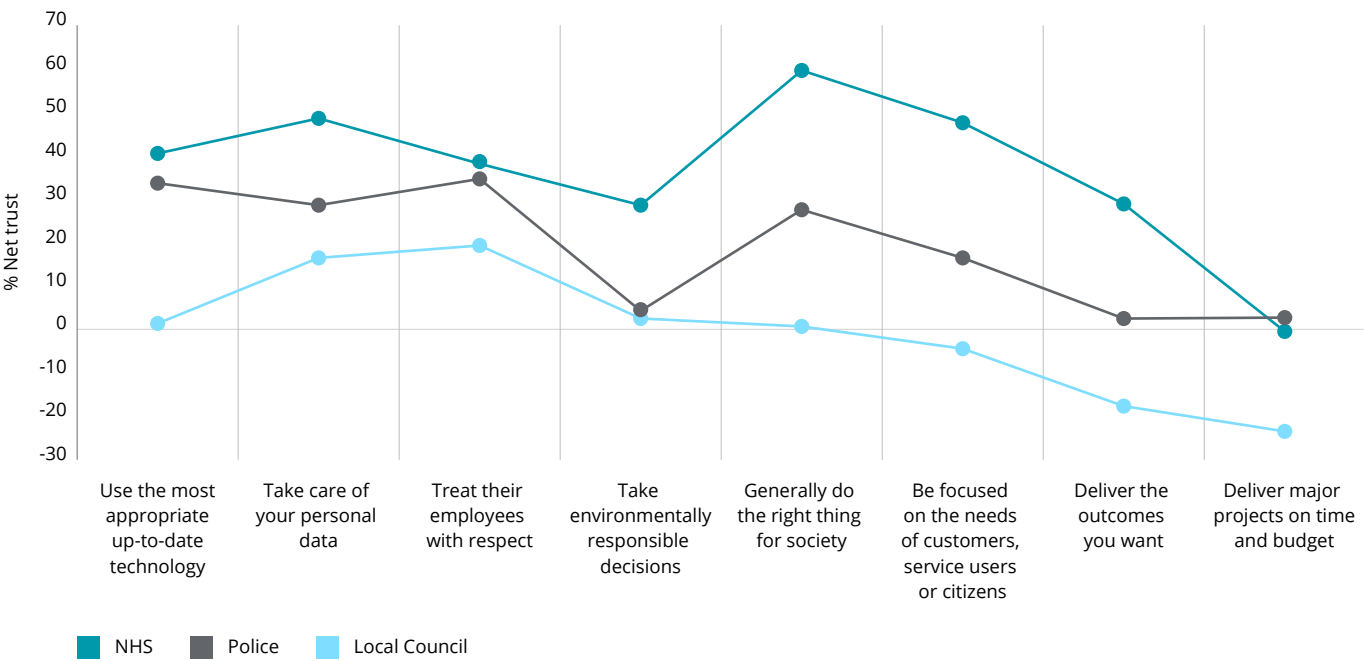
Our survey found higher levels of trust for local services than for central government, as the chart shows.

However, the table looks at how trust has changed since our survey last year. It shows that confidence in all governments and public services across all activities have dropped, with a couple of exceptions in Wales.

Trust in the NHS to deliver major projects has notably slipped, which could well be the result of waiting lists. NHS leaders interviewed for last year's *State of the State* feared that public trust could wane as more people experienced delays in treatment and making appointments.

The starkest fall in trust is in the police and especially in the public's confidence that they 'do the right thing for society'. While overall levels of trust in the police remain very positive, our interviews find this fall to be a cause for concern among senior officers - especially given the UK's model of policing by consent.

To what extent, if at all, do you trust...to...?



Base: 5,813 Online UK adults 16-75.

CHANGE IN TRUST SINCE LAST YEAR	UK	SCOTTISH	WELSH	NI	NHS	COUNCIL	POLICE
Generally do the right thing for society	-8	-5	-5	-5	-4	-4	-11
Treat their employees with respect	-7	-7	-1	-12	-8	-5	-10
Use up-to-date technology	-4	-6	-	-6	-7	-5	-8
Take care of your personal data	-2	-6	+5	-7	-4	-1	-6
Deliver major projects on time and budget	-4	-5	+3	-5	-9	-2	-6
Take environmentally responsible decisions	-6	-3	-1	-4	-7	-4	-8

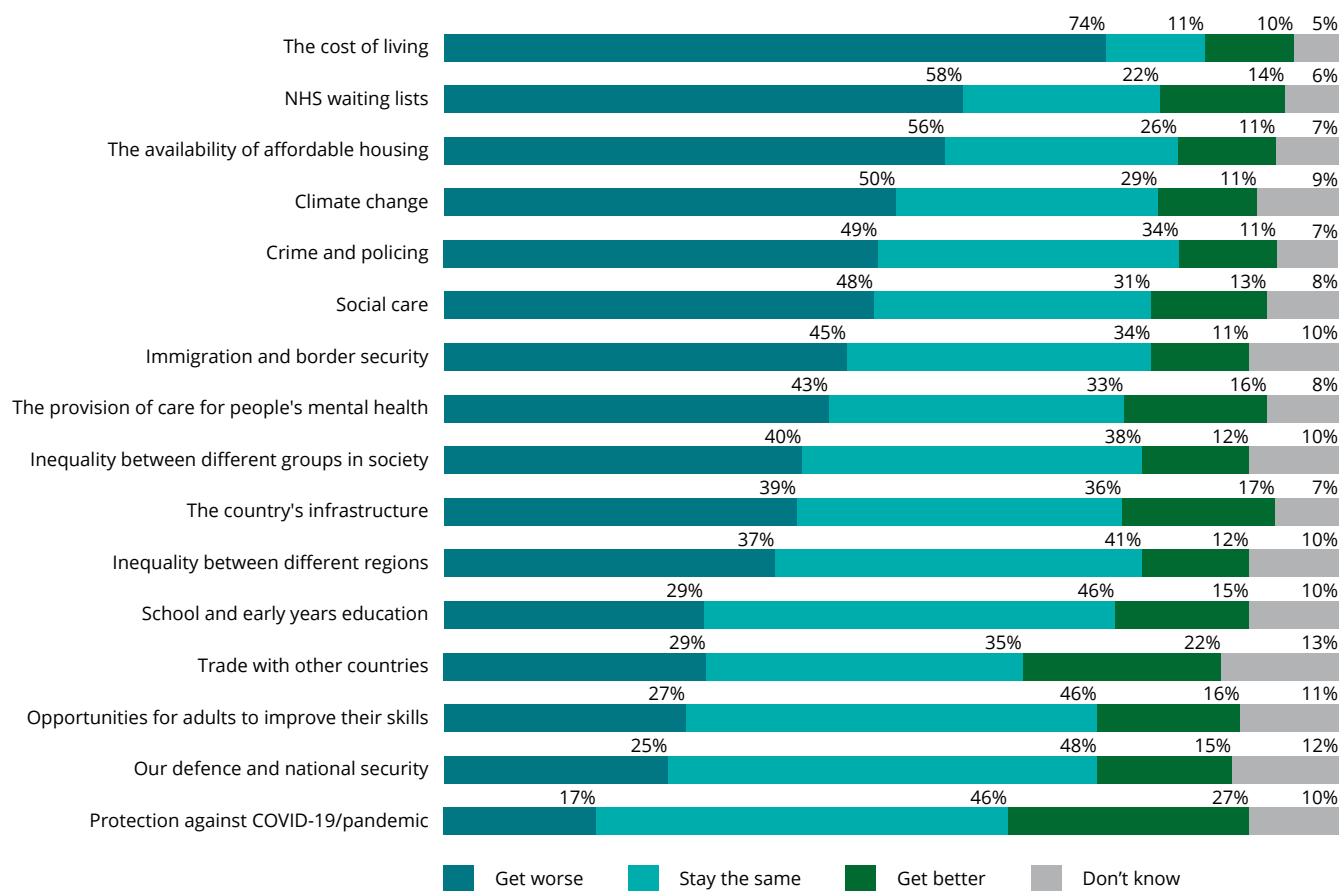
An otherwise pessimistic public think our protection against COVID is improving

- The UK public appears pessimistic over many prospects for improvements in UK society
- Almost three quarters think the cost of living will get worse in the next few years
- The only net positive score is on the UK's protection against COVID, which 27 per cent believe will improve

Our *State of the State* survey finds the public pessimistic for the future. After years of the pandemic and now the cost of living crisis, the UK appears to be in a downcast mood.

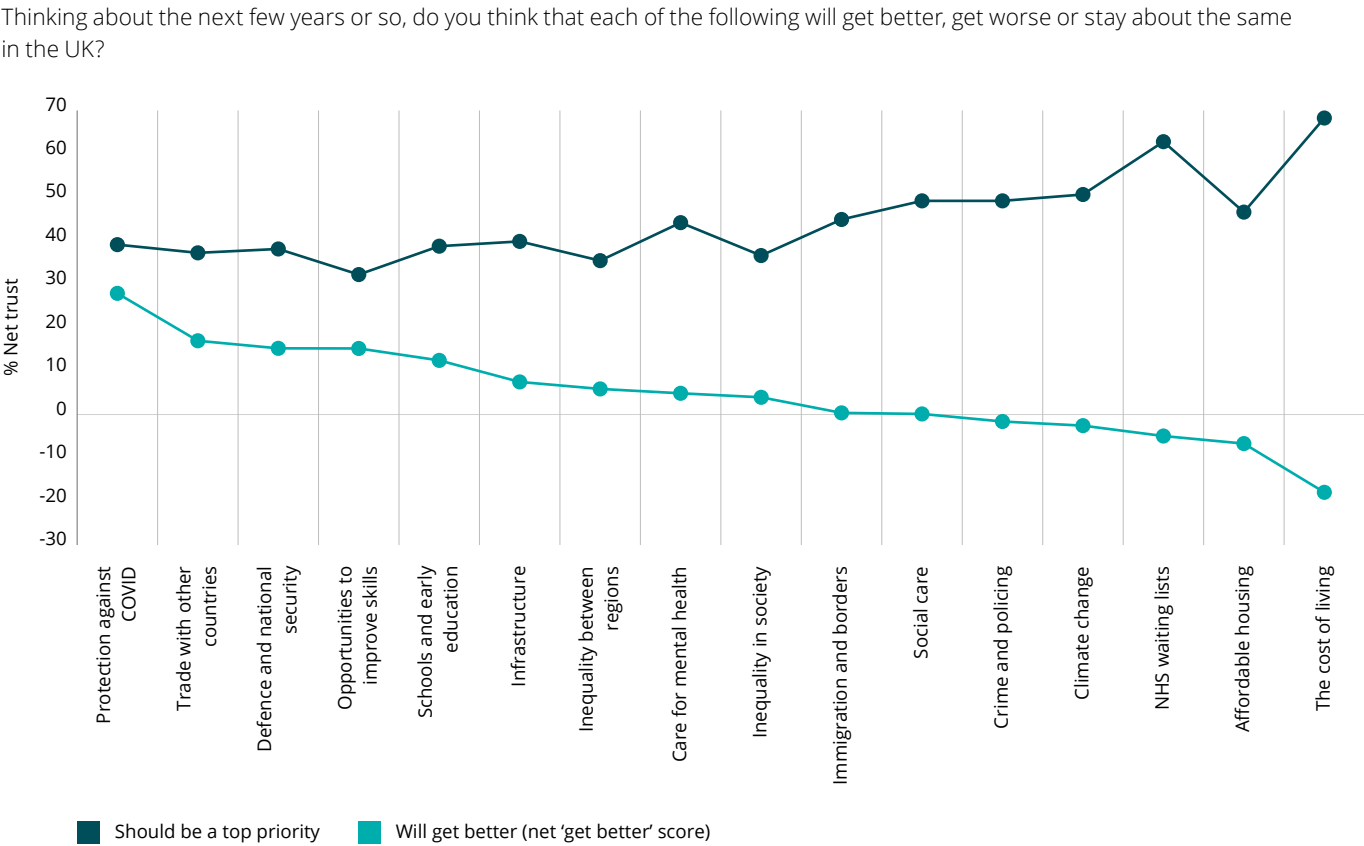
As this chart shows, almost three quarters of the public expect the cost of living crisis to get worse. However, two glimmers of optimism stand out. More people believe that the UK's protection against COVID will improve rather than get worse, and just over one in five believe that our trading relationships with other countries are set to get better. By September 2022, the UK had signed trade deals and agreements in principle with 71 countries as well as one with the EU and it could be that continuous progress on trade has lifted public optimism.

Thinking about the next few years or so, do you think that each of the following will get better, get worse or stay about the same in the UK?



Base: 5,813 Online UK adults 16-75.

Our survey also found that the public are the most pessimistic about the issues than matter most to them. This chart compares the extent to which people believe an issue will improve with their level of prioritisation. The public placed the cost of living crisis at the top of their list of priorities – and it's also the issue they are most pessimistic about.



Base: 5,813 Online UK adults 16-75.

When it comes to digital public services, data security is a non negotiable

- As the public engages more with the public sector online, its priority is data security followed by ease of use
- Results differ by age, with the 55-75 age group especially concerned about their data and the 16-34s keen that they can access public services via smartphone
- Older age groups are more likely to be concerned about offline alternatives

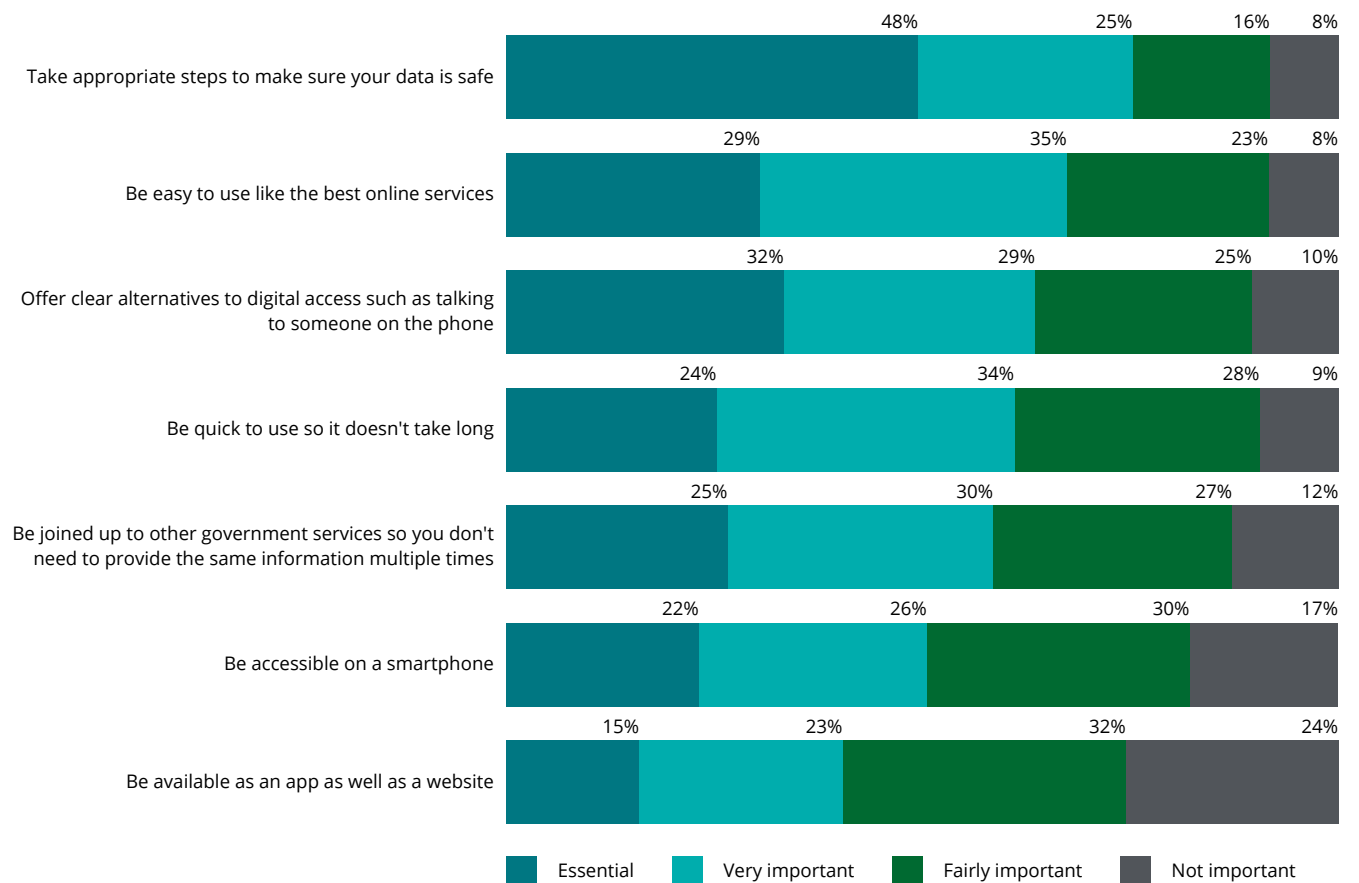
As government continues to grow its digital interaction with the public, our survey explored what matters most to people in their online engagement with the state.

The survey found that the biggest public concern in digital interaction is around data security. Almost three in four said that keeping their data safe is essential or very important, suggesting that security needs to be a non-negotiable in all digital interactions with public services.

The public's next priority is ease of use, underscoring what government's digital professionals already know about the need for good user experiences.

More than six in ten respondents said that offline alternatives to digital interaction were either essential or very important and more than half want to see joined-up services so they don't need to provide the same information multiple times.

As you may know, public services and government departments are offering more services and ways to get in touch digitally. How important or unimportant do you think it is for these digital services to ...?



Base: 5,813 Online UK adults 16-75.

This chart shows how different age groups rank these factors in digital interaction by importance.

Data security was identified as the most important factor across all age groups, although it is much more important to older people than younger – by twenty five percentage points in this survey.

All age groups say that ease of use is the second most important factor them, although again, older people are significantly more likely to identify that as an issue.

It's worth noting that offline alternatives to digital, while prevalent among older age groups, are important across all age ranges. This suggests the public is not likely to simply grow out of the need for non-digital interaction.

Older people are also far less likely than other groups to want to access public services via a smartphone. The under 35s are most keen on doing so, and the 35-54 range are not far behind.

All of this underscores the importance of secure user experiences, through research and design, as the public connect more with public services.

As you may know, public services and government departments are offering more services and ways to get in touch digitally. How important or unimportant do you think it is for these digital services to ...?

	16-34	35-54	55-75
Be accessible on a smartphone	55%	52%	37%
Be available as an app as well as a website	44%	39%	31%
Be easy to use like the best online services	56%	66%	71%
Offer clear alternatives to digital access such as talking to someone on the phone	53%	61%	70%
Be joined up to other government services so you don't need to provide the same information multiple times	46%	55%	65%
Be quick to use so it doesn't take long	54%	59%	64%
Take appropriate steps to make sure your data is safe	60%	74%	85%

Most important
Second most important
Third most important

The private and third sectors can reduce pressure on local services but the public worry about accountability

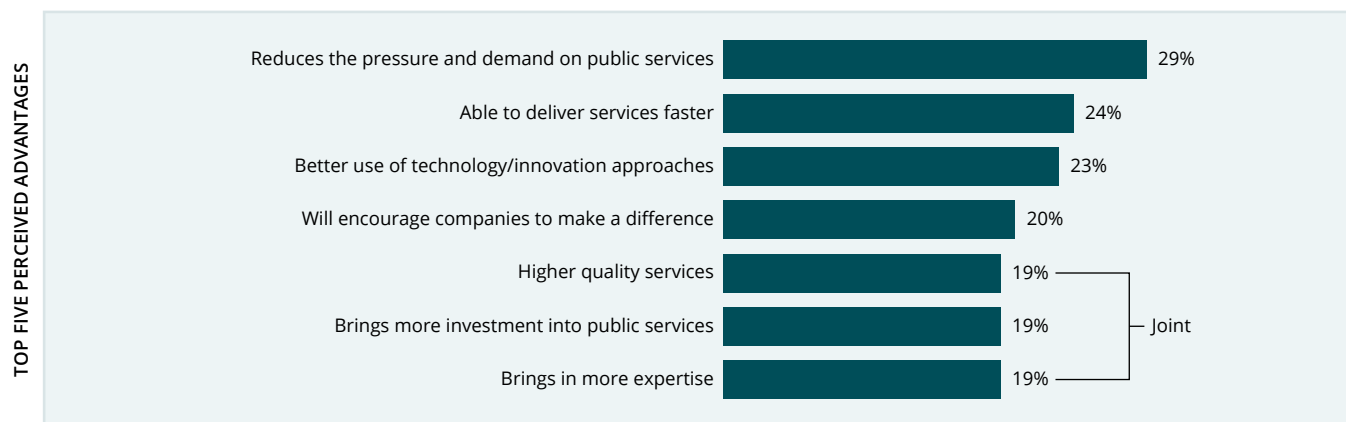
- The public see the main advantage of private and charity sector engagement with the public sector as the opportunity to reduce demand on services
- They see the main disadvantage of private sector engagement as weaker accountability
- A fifth of the public recognise that working with the public sector is a way for encouraging companies to make a difference to society through their 'social value'

The private and third sectors work extensively with government and public services, providing support for back offices, consulting, digital transformation, service delivery, policy advice and more. Our survey explored how the public see their collaboration in terms of advantages and disadvantages.

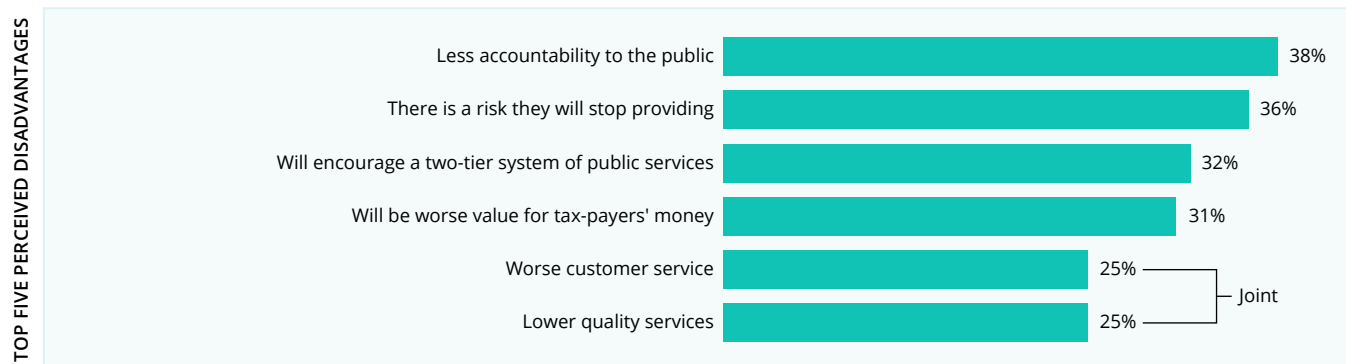
As these charts show, reducing pressure on public services is seen as the main advantage of private sector support, but less accountability is seen as the main disadvantage. The public clearly wants to be assured that appropriate governance is always in place. On balance, the public see the disadvantages more than the advantages.

One fifth of the public say that working with the public sector is a way for companies to make a difference to society, underlining the 'social value' that suppliers to government can generate.

What do you think the main advantages and disadvantages are of private sector companies having a role in supporting the delivery of public services?



THE ROLE OF THE PRIVATE SECTOR IN PUBLIC SERVICES

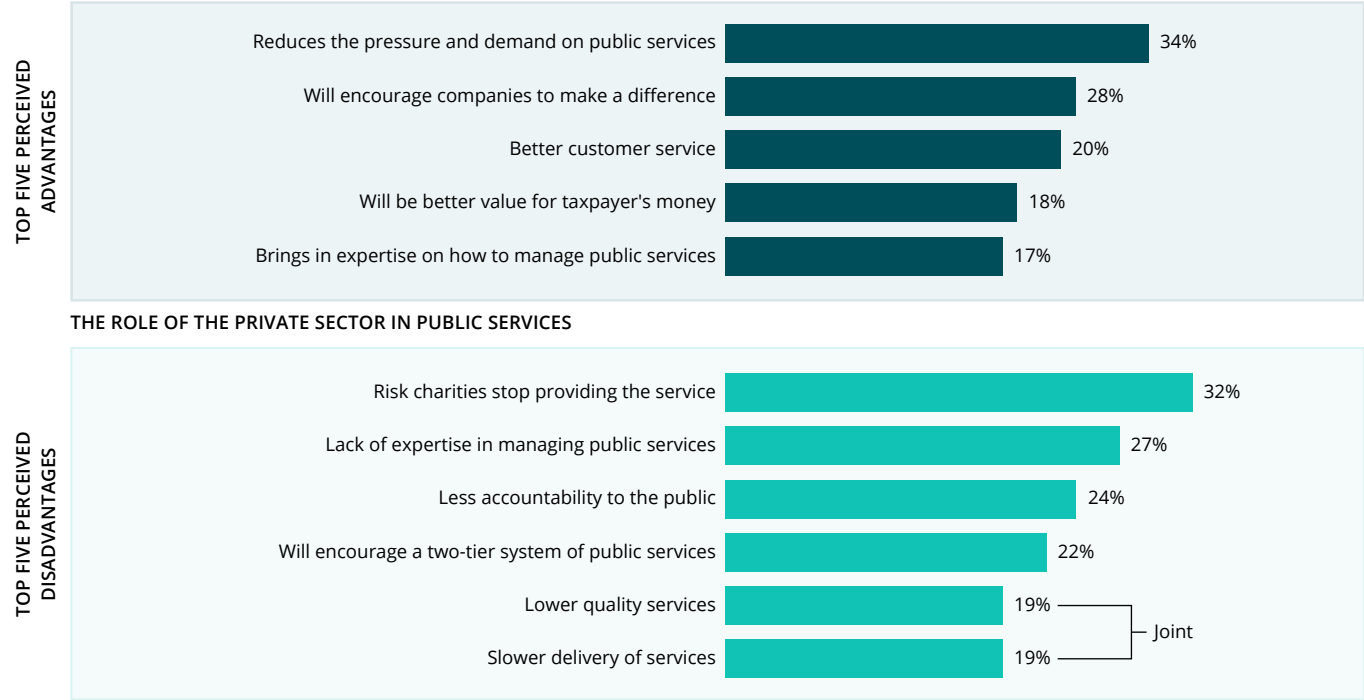


Base: 5,813 Online UK adults 16-75.

Similarly, people believe that reducing pressure on public services is the main advantage of third sector engagement. However, the perceived main disadvantage is that charities might cease to provide the service, suggesting concerns around stability.

Overall, these survey findings illuminate the public perceptions that private, public and third sector partners need to consider as they collaborate. They show the areas of perceived opportunity – especially the potential of reducing demand on public services – and the issues of concern for the public around accountability and stability.

What do you think the main advantages and disadvantages are of charities having a role in supporting the delivery of public services?



Base: 5,813 Online UK adults 16-75.

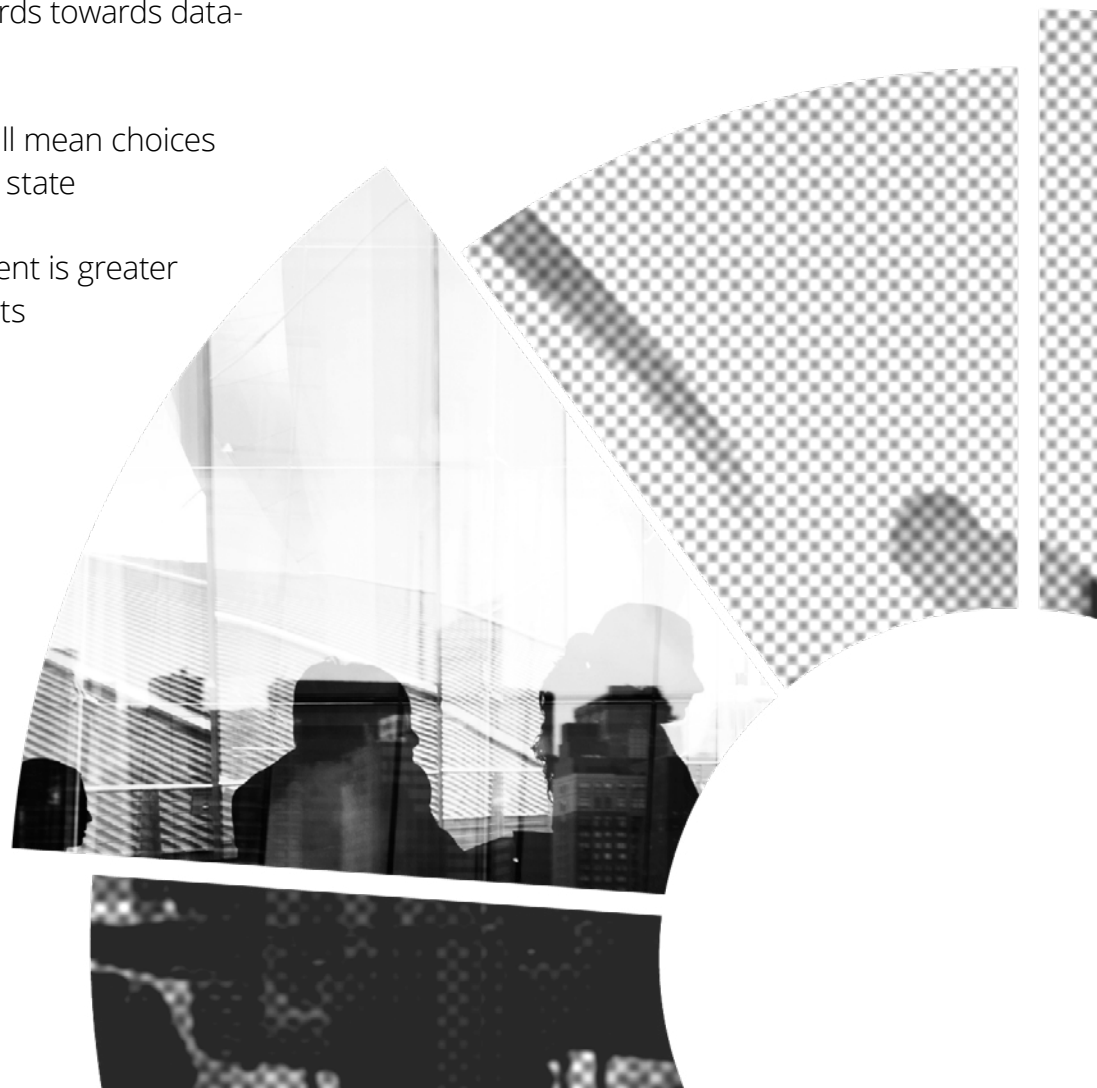
The State of the State in the words of public sector leaders



The State of the State in the words of public sector leaders

This section of *The State of the State* shares insight from our interviews with public sector leaders. This year, we spoke to 54 leading figures from government and public services including ministers past and present, permanent secretaries and other senior civil servants, police chief constables, NHS leaders, council chief executives and more. The main themes arising from those conversations were:

- The cost of living crisis is hitting public service budgets, demand and workforces
 - Health and social care leaders talk openly of an NHS crisis
 - Whether it's called Levelling Up or not, local growth means joining up skills, jobs and transport
 - Net zero needs to be government's business as usual
 - Trust matters – especially in policing
- The digital journey goes on but the public sector is in the hard yards towards data-driven government
 - Public sector reform will mean choices about the scope of the state
 - The future of government is greater than the sum of its parts



The cost of living crisis is hitting public service budgets, demand and workforces

- Inflation is reducing public sector spending power as energy and other costs rise
- Demand on council services is rising while income streams are falling
- Lower-paid public sector workers are feeling the pressure on household incomes

The cost of living crisis is inevitably front of mind for public sector leaders. Many of those interviewed for *The State of the State* told us that its impact has been amplified because the COVID pandemic has left budgets stretched, demand heightened and workforces drained. Unfortunately, the cost of living crisis is pushing down on those same pressure points.

Several interviewees told us that inflation is reducing the spending power of their budgets. Some also warned that energy price rises will have significant cost implications for their large estates which are – in many cases – energy inefficient.

In local services, some said that financial distress is starting to ramp up demand while compromising income. Councils are expecting more vulnerable children to require intervention, while increasing numbers of households are defaulting on rent and council tax, which are elements of local authority funding.

Looking ahead, public sector leaders fear the impact of the crisis on those with lower incomes – and that includes their own workforces. Several shared their worries that frontline staff, faced with higher bills at home, are already struggling financially. One Chief Constable told us that apprentices in their force were taking on additional jobs to make ends meet, and some were opting out of pension schemes.

Overall, we heard significant concerns about public sector pay in the context of the cost of living crisis and a number of interviewees expect industrial action on the near horizon. Public sector leaders recognise that pay is an issue for recruitment and rhetoric about job satisfaction in public services will not make that issue go away – but they also recognise the tensions and fiscal dilemmas around above-inflation pay rises.

“ There’s an increase in rent arrears defaults on council tax payments. That all comes with an impact on local authority income.

COUNCIL CHIEF EXECUTIVE

“ When it looked like there was light at the end of the tunnel, the cost of living crisis started.

SENIOR CIVIL SERVANT

“ I’m worried about students that will struggle with transport costs or come to college without a decent meal.

FURTHER EDUCATION CHIEF EXECUTIVE

“ We had someone phone in to say they couldn’t afford petrol to get to work.

HEALTH AGENCY CHIEF EXECUTIVE

Health and social care leaders talk openly of an NHS crisis

- Healthcare leaders say the NHS and social care system, weakened by COVID, has reached crisis point
- The interface between health and social care remains a key fracture in the system
- There is broad optimism for ICSs but a consensus that some will be successful and some not

In past editions of *The State of the State*, healthcare leaders told us about a looming crisis point for the NHS – and this year they told us the NHS has reached it. Health spending in the UK has long been considered unsustainable, but COVID has left a legacy of backlogs and pent up demand that have pushed the NHS to the brink.

Our interviewees all talked about what that means for patients and perceptions of the NHS. Many cited bleak metrics that show how more patients than ever are now on NHS waiting lists, targets for urgent cancer referrals have not been met for two years and emergency waiting times have rocketed. Sadly, they did not expect a rapid turnaround. One healthcare non-executive warned that GP appointments might soon become as scarce as NHS dental appointments, and he predicted that the number of patients turning to the private sector for care will continue to grow – or at least for those that can afford it. A former minister warned that public backing for extra NHS funding might wane if their experiences continue to worsen.

Several interviewees told us that the interface between health and social care remains one of the key fractures in the system. They said that too many hospital beds are taken up by patients who can't be discharged because no onward care is available, whether in their own home or in residential care, and they conclude that boosting social care's capacity would go a long way to freeing up hospital capacity.

Many of the people we interviewed spoke with frustration that this systemic issue has not been resolved in decades.

In England, Integrated Care Systems (ICSs) have been established to bring together the NHS, local government and other organisations. Our interviews found tentative optimism for ICSs, but a broad consensus that some could be successful and others not. Some pointed to mismatched council and ICS boundaries as a possible pitfall, but a seasoned healthcare expert argued that there will be one defining success factor for an ICS: the dynamism of its local leadership.

This autumn's announcement that £500 million will be made available in England to support discharge from hospital was welcome – but social care leaders we interviewed suggest that it will only alleviate the problem, not solve it. One local authority chief executive said that even £100 million funding for his council alone would not put social care on a sustainable footing while there is not an available workforce to draw upon.

“Integrated Care Systems could be another management layer with tick box exercises, or they could be the vehicle for integrating care across the region. Whether or not it does that will depend on local leadership.

HEALTH NON-EXECUTIVE

“Everyone in the NHS is talking about a massive crisis. There are people dying in the backs of ambulances waiting to get into A&E.

HEALTH NON-EXECUTIVE

“I'm too loyal to say that health is broken. But we're in a perfect storm and the system is under the most distress that I have ever seen.

HEALTH AND SOCIAL CARE LEADER

“The NHS had a capacity problem before COVID and COVID exaggerated it. People say we've had two years to get used to it so you can't blame poor service on COVID.

HEALTHCARE CHIEF EXECUTIVE

Whether it's called Levelling Up or not, local growth means joining up skills, jobs and transport

- Amid some speculation about the future of Levelling Up as a government priority, the strong pipeline of activity suggests it continues at pace
- Local leaders say key to success is connecting job creation, skills provision and transport
- The skills agenda is vital for success – and requires more momentum

For the past three years, our *State of the State* interviews have found that public sector leaders are passionate about Levelling Up. From the outset, they backed it as the answer to the UK's pervasive economic problems of income inequality, geographic disparity and low productivity. While the transition between Prime Ministers this autumn sparked some concerns about Levelling Up's future, our interviews reaffirmed that the sector remains invested in its delivery. Many leading figures told us that so much activity is underway, Levelling Up will continue – and new Prime Minister Rishi Sunak appeared to restate his commitment to the agenda in his first speech in office.

We asked key figures in combined and local authorities to outline their current thinking. Their consensus was that Levelling Up's success relies on joining up job creation, skills provision and local transport into a virtuous loop, connecting different elements of the local economic ecosystem. A local government chief executive said that Levelling Up is simply "making economic opportunity accessible".

Other interviewees were clear that Levelling Up will require a further devolution of powers and funding to local government, with views ranging from greater spending freedoms to a complete rewiring of the public sector. One former minister argued that full fiscal devolution, complete with tax-raising powers, will ultimately be required.

Looking ahead, several interviewees warned that meaningful progress on Levelling Up will take years, even though many projects will start to become visible before the next general election. Some talked about the tension created by the short-termism of political cycles and the long term goals of Levelling Up.

“The Levelling Up White Paper was a great analysis of the problems in our society and it's been important to get that out in the open. But with no extra money, with no joining-up in government, where is it headed?”

FURTHER EDUCATION LEADER

“Levelling Up means making a loop – creating the jobs people want, providing the skills they need to do them and the transport they need to get to work.”

COUNCIL LEADER

“Whether you call it Levelling Up or not, it's all in train and it's not going away.”

COUNCIL LEADER

“I'd like us to have meaningful devolution powers. I'd like us to be tooled up to level up – we haven't got the firepower to do it all.”

COUNCIL DIRECTOR

Successive *State of the State* reports have commented on the need to elevate skills and employability as priorities for government. Every year, public sector leaders tell us that policy intervention and investment in further and adult education could have an outsized impact on local economies. HM Treasury's 2020 *Plan for Jobs* and similar initiatives across the devolved administrations were major steps forward, but interviewees this year called for a renewed sense of momentum for the skills agenda. In the short term, they argue intervention is needed to address skills gaps and in the longer term, to deliver on Levelling Up. Clearly this is not just a problem for governments and education providers to solve – businesses need to be investing and leaning in to the skills agenda as well.

Several interviewees were clear that Brexit has exacerbated the current labour shortages and skills gaps in the UK as it has vastly reduced access to labour from the European Union. Of course, those gaps are affecting the public sector directly, not least at the frontline of health and social care, and also in hard-to-retain areas like digital and data.

The growing need for green skills was also raised in a number of our interviews and is also explored in a Deloitte report available [here](#). As the journey to a net zero economy gathers pace, workers will be needed to retrofit homes, maintain electric vehicles and more. Few believe that enough is happening to prepare the UK for those skills needs of the future.

One of the longstanding issues cited by many interviewees is that education systems across the UK are aligned to academic routes rather than vocational routes. As one further education leader pointed out, the path from school to university is much better understood by schools and parents than other alternatives. Several interviewees wearily observed that this debate has gone on for decades.



The skills agenda has lost momentum and we're stuck with a system obsessed with universities even though half of all school leavers don't go to them.

FURTHER EDUCATION LEADER



We need more to go down the vocational route. Wee Jimmy doesn't need a degree in ancient Greek when he could be building heating pumps.

SENIOR CIVIL SERVANT



Green skills are getting developed ad hoc and that's not going to cut it. Within a few years, every car mechanic will need to retrain for electric cars. But how's that going to happen and who's going to pay?

FURTHER EDUCATION LEADER



Look at the best skills systems in the world and they all have a sense of social partnership. We need the unions to be involved in skills.

FURTHER EDUCATION LEADER

Net zero needs to be business as usual

- Some interviewees suggested that the cost of living crisis has diverted attention from net zero
- Others told us that net zero plans are 'bolted on' but need to be part of everything they do
- Many acknowledged the public sector's own estate needs substantial modernisation to meet carbon neutral standards

Last year's *State of the State* report found that net zero was high on the agenda for leaders across government and public services in the months running up to the COP26 summit. This year, many told us that immediate issues like the cost of living crisis have diverted attention away from longer-term challenges like climate change.

Some interviewees told us that net zero interventions currently feel 'bolted-on' to what their organisations do, but they need to be embedded into day-to-day thinking and policymaking given the scale of the challenge. The review currently underway from Rt Hon Chris Skidmore MP – announced in September's Growth Plan – could make a substantial difference if it connects the UK Government's wider plans with its net zero commitments.

Several leaders also warned that the transition to a net zero economy will come at a huge cost to the public purse, and one urged politicians not to "get spooked" in the years ahead.

Some flagged the public sector estate as an issue, and one senior civil servant asked how government could expect businesses and households to improve the carbon credentials of their premises when government's own estate needs modernising.

“ My concern is that net zero is a bolt-on exercise when it needs to be part of our core business.

SENIOR CIVIL SERVANT

“ Our estate is so bad, how can we ask others to take theirs to carbon neutral?

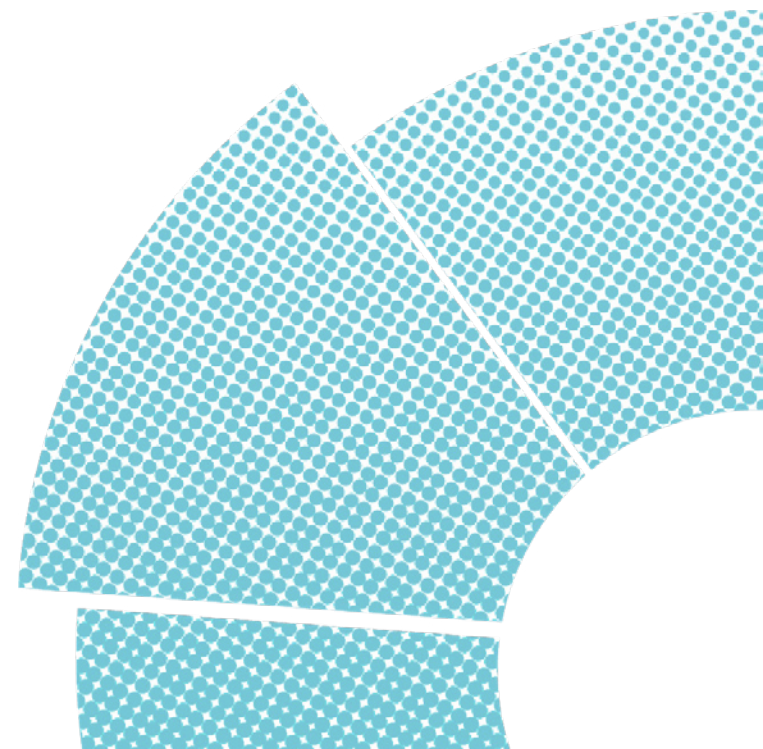
SENIOR CIVIL SERVANT

“ To deliver Net Zero requires a whole government approach. It all needs to be connected and aligned. I don't think Whitehall has been set up for that in the past as we're all in small departments.

SENIOR CIVIL SERVANT

“ Net zero can't go on the backburner.

SENIOR CIVIL SERVANT



Trust matters – especially in policing

- Public sector leaders are concerned about a loss of public trust
- Police leaders told us that rebuilding trust is their number one priority
- Leaders know that trust is a vital commodity for government and public services

For public sector leaders, trust is not a worthy sentiment – they know it's a vital commodity, and its absence comes with real-world consequences. Our interviews uncovered issues around trust in a variety of critical relationships both in and around government and public services, which its leaders are anxious to address.

Senior officials in Whitehall told us that civil servants at all grades look to their ministers for leadership, but their confidence can be shaken when ministers praise officials in private yet criticise them in the press.

However, the most significant issues around trust are in policing. After a series of incidents that have shaken public confidence, every police leader we interviewed told us that rebuilding public trust was their biggest priority. They were also clear that it would require a national effort beyond individual forces. As one Police and Crime Commissioner pointed out, headlines about the police nationally tend to define perceptions of forces locally. "If London sneezes" he commented, "we all catch a cold".

At the top of policing, its leaders are clear that they need to tackle behaviours within their forces that are creating distrust. One Chief Constable argued that police leaders need to be bold and confront uncomfortable issues within their ranks if they want to deliver an uplift in public trust.

“Let's take a step back and look at what we need to confront in our service to build public confidence.

CHIEF CONSTABLE

“Efficiency and effectiveness drive public confidence. You're not going to trust an organisation that's useless.

POLICING LEADER

“On trust and confidence, we're not defined by things that go wrong. We're defined by our response to them.

CHIEF CONSTABLE

“The Civil Service is bruised. It's ended up a whipping boy for ministerial frustrations just because of the political value that brings.

SENIOR CIVIL SERVANT

The digital journey goes on but the public sector is in the hard yards towards data-driven government

- As individual organisations mature digitally, attention is turning to the lack of interoperability between them
- Increased uses of artificial intelligence is raising awareness of its potential for the public sector
- Building public trust and improving the fragmentation of data will be vital

As *The State of the State* has observed for the past two years, the public sector's response to the COVID pandemic saw an acceleration of digital transformation and its use of data. This year's research heard that digital modernisation continues across government and public services – at paces that vary by organisation – but three themes emerged from our interviews.

First, several public sector leaders told us that a sustained effort will be needed to resolve legacy issues. Ageing IT has long been recognised as a barrier to digital change in government, and interviewees this year were clear that work needs to be concluded before the public sector can progress to the next stages of its digital journey. They told us that government will struggle to make widescale use of artificial intelligence until its systems can cope with the technology that requires.

Second, as the digitisation of individual public bodies has become more mature, attention has moved to interoperability. Public sector leaders told us about the need for systems to connect more effectively with each other, whether within central government departments or across multiple agencies to facilitate joint working. A senior figure in the NHS talked about the slow progress of 'managed convergence' across trusts that currently use dozens of different systems for patient records.

Third, we heard an increasing awareness of the possibilities for artificial intelligence in government and public services. Amid experimentation and pockets of adoption in the sector, our interviewees talked about the possible applications of AI. One senior figure made the sweeping prediction that artificial intelligence's potential for central government is larger than the potential for the entire FTSE 100 combined.

“The opportunity for Artificial Intelligence in government is bigger than the opportunity for every FTSE 100 company put together.

SENIOR CIVIL SERVANT

“Our infrastructure doesn't talk to each other. You've got people throwing stuff in on one end and others throwing stuff in the other, then the computer just says no.

CHIEF CONSTABLE

“Technological change in the NHS will be generational change. We just need to nudge it in the right direction.

NHS LEADER

“People are doing lots of work on legacy issues, but we need a sustained effort and it's going to cost a lot of money.

SENIOR CIVIL SERVANT

The UK and devolved governments have made real progress in their use of data in recent years. Their response to the pandemic undeniably accelerated change and illuminated data's potential to inform decisions and policymaking with real-world impact on the public. Our research found that the more public sector leaders eye the potential of what data could do for their organisations, the more they see the need to better capture, manage and store it. Essentially, government is tackling its data legacy issues as it moves towards becoming a truly data-driven public sector.

We asked our interviewees about barriers to better use of data, and many talked about the need for public trust in the use of their data. Some said that trust must be built through effective online experiences and others suggest that government needs to convince the public about the better outcomes for them when data is used. Trust matters within public bodies as well, and some interviewees talked about the need for data teams to build trust with decision makers in order to push the data agenda forward.

Several senior figures told us that the quality and interoperability of data is another major barrier. They said that existing data sets are often fragmented and mismatched, so they can't be connected. Many also cited skills as barrier to progress – both in technical data skills and in the data literacy of the broader workforce.

In recent years, interviewees told us that legislation is needed to allow the public sector to use and share public data, but this year one senior figure described that as a “red herring”. He went on to argue that public consent was the more important factor.

“ People talk about legislation that stops us sharing data but it really isn't the problem. It's unlikely to make a material difference so I really think legislation is the biggest red herring.

SENIOR CIVIL SERVANT

“ We need to consult much more with the public on the use of their data and make clear it's about improving their outcomes.

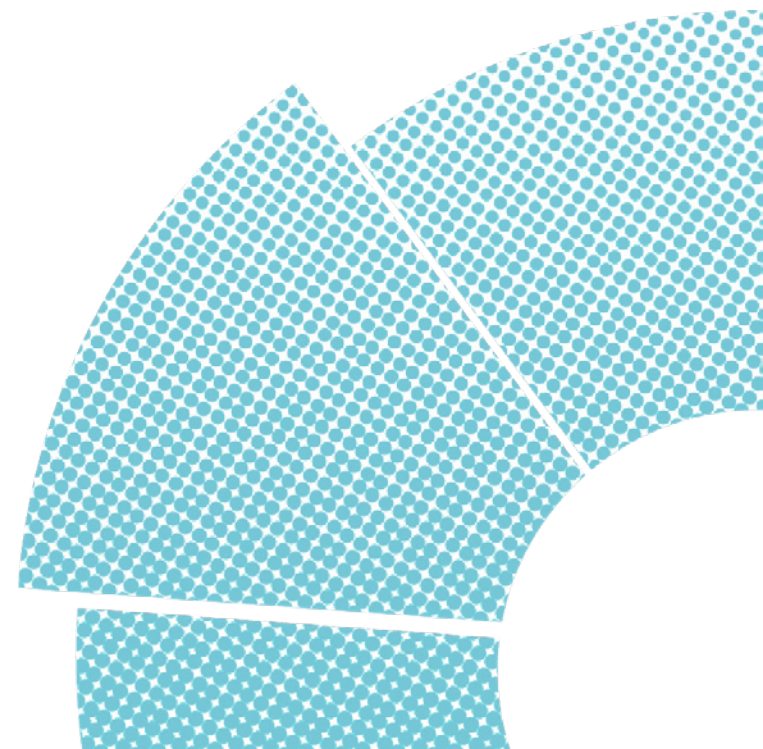
SENIOR NHS OFFICIAL

“ Our challenge is interoperability and our ability to match data across systems.

AGENCY CHIEF EXECUTIVE

“ We know from COVID that our data is still massively fragmented and we haven't thought about what data government needs to operate effectively.

SENIOR CIVIL SERVANT



Public sector reform will mean choices about the scope of the state

- Events of recent years have limited the public sector's bandwidth for reform
- Civil servants want meaningful modernisation, not just headcount reductions
- Many say the scope of the state needs to be reassessed so government does less

Recent years have stretched the bandwidth of government and public services, and limited their headroom for reform. Perhaps that explains why so many public sector leaders we interviewed this year had such strong appetites for change.

Many of our interviewees commented on ministerial moves to reduce headcount in Whitehall and at the centre of the NHS. They acknowledged the need for staff reductions to constrain costs, but argued that efficiency measures should not focus on headcount reduction in isolation. They called for a broader approach that considered capabilities, operating models and organisational design so that cost reduction could be delivered without harming their effectiveness.

None of our Whitehall interviewees said that government should be bigger. Many argued that its scope has crept up in recent decades and now the state does too much. They told us that government needs to make choices about what it stops doing and whether communities, civil society and the private sector could be better placed to deliver certain functions.

That would not mean wholesale privatisation of public-facing services but a continued shift towards collaborating and more partnership working that would optimise value for taxpayers' money.

Beyond the centre of government, public service leaders also called for renewed visions for the future of the public sector and many talked about the need to tackle some of its most persistent and substantive issues – including pay for the public sector's frontline, parity for vocational education, the potential of regional devolution and joining-up across public services.

“ There's no coherent vision for education and we're in the ebbing tide of the last set of reforms.

EDUCATION LEADER

“ We're going to have to look at further efficiencies and decide what services we can cease. What is an essential public service?

AGENCY CHIEF EXECUTIVE

“ All governments say they'll make efficiency savings but it's slow, complicated and boring. Most of all, it doesn't deliver the immediate sugar rush that ministers are addicted to.

FORMER MINISTER

“ Government is asking a lot more of the Civil Service than 30 years ago. There's a way through that but it is quite radical – we'd need to transfer a lot of what the government does. I'm running services that could be run by the private sector, but there's no ministerial appetite to outsource.

SENIOR CIVIL SERVANT

The future of government is greater than the sum of its parts

- Our *State of the State* interviews explored how public sector leaders want their organisations to look in 2030
- Five common themes emerged, ranging from a more joined-up public sector to one that better empowers communities

This year's *State of the State* commentates on a public sector under pressure. But amid their current challenges, the public sector leaders we interviewed are looking to the future. Many are impatient for change after a decade of reacting to events – from austerity to EU Exit to the pandemic – and they now want to see public sector reforms that take the sector forward on its own terms.

We asked every public sector leader we interviewed how they would like their department, council, NHS trust, police force or agency to look by the end of this decade and we heard consensus around five areas:

- 1 Streamlined government, reshaped by bold reforms
- 2 A joined-up public sector that is greater than the sum of its parts
- 3 Empowering, enabling and delivering through others
- 4 Data-led and digital to the core
- 5 Inspiring leaders and an engaged, resourced workforce

“Now is the time to think about a reformation of public services. COVID has given us a chance to think about what really matters.

COUNCIL CHIEF EXECUTIVE

“An unintended consequence of COVID is the realisation that government has got to do things differently. The status quo is not tenable as the money isn't there to maintain everything as it stands.

PARLIAMENTARIAN

1. Streamlined government, reshaped by bold reforms

Across government and public services, leaders told us they want to see a more streamlined public sector. They want every organisation to pursue a clear mission, delivering on its purpose without distraction – but they argue that will require bold choices about the size, shape and scope of the state.

Many interviewees said they wanted their organisations to become ‘sharper’ or ‘more focused’ by 2030. They argued that the state has expanded its scope in recent decades, and in some cases insourced functions that could be commissioned by the public sector rather than delivered by it directly.

In central government, senior civil servants shared mixed views about the 91,000 headcount reduction that was under debate in Whitehall. Some argued that this is not the time to reduce government’s capacity while others said that cost reduction would be better achieved through a wider approach that looked beyond staff numbers alone.

However, they all agreed that Civil Service numbers need to come down after they rose to deal with EU Exit and then COVID, and many said that Whitehall could be substantially smaller. A couple of senior figures even talked about wholesale reductions of layers within the Civil Service.

Beyond the centre, leaders in local government told us that councils and combined authorities need further devolved powers, especially to drive economic growth. One combined authority director described the need to shift from ‘delegation’, where local government is effectively carrying out the will of the centre, to ‘genuine local determination’.

Leaders know that all of these ideas – whether reducing the size of the Civil Service, devolving greater powers to local government, or reducing the scope of the state – will require bold decisions from the top of government.

“ I want to see government that’s smaller in terms of what it should do or not do, and focused on doing a smaller number of things really well.

FORMER MINISTER

“ I’d like devolution and not delegation which is what we’re doing at the moment. There needs to be more empowerment and genuine local determination about what goes on. Breaking the straightjacket we’re in would be a huge success. That’s the key.

LOCAL GOVERNMENT CHIEF EXECUTIVE

2. A joined-up public sector that is greater than the sum of its parts

While leaders talked about the prospect of smaller government, they also told us how it could be greater than the sum of its parts. There was a strong consensus that joined-up working across government departments and across local services would make a difference to their impact and value for taxpayers' money.

This is a longstanding ambition not only within central government but across the sector, and its leaders recognise that it will not be realised without systemic changes to governance, funding or even a democratic rewiring of the state.

3. Empowering, enabling and delivering through others

Public sector leaders know that there are resource limits to what they can deliver for the public. In our interviews, many talked about the need to empower and enable others beyond the state to deliver services and public value.

Interviewees in local government were particularly energised by the possibilities of working with communities, building on the extraordinary goodwill built during the worst of the COVID pandemic. There is clearly a role for the voluntary sector in connecting communities and working alongside public services, and a senior figure in the third sector told us that government needs to do much more to embed the third sector in its policy thinking.

Some also talked about the possibilities of greater delivery through the private sector. None argued for the fundamental privatisation of citizen-facing public services, but the consensus was that government's impact would be greater if it focused on outcomes and leveraged others – whether within the public sector, in communities, or in the private and third sectors – for support, capacity and capability.

“ COVID has proven what the voluntary sector can bring to public services, so the perception in government that we're just a 'nice-to-have' is insane.

THIRD SECTOR LEADER

“ By 2030, I hope we're connecting better with the private sector. It shouldn't be about public versus private.

SENIOR CIVIL SERVANT

“ We need to get a vision back on how different bits of the public sector work together.

FURTHER EDUCATION LEADER

4. Data-led and digital to the core

Perhaps inevitably, public sector leaders told us that they hope their organisation becomes data-led and effortlessly digital in everything they do. Our interviews explored what that shift might mean for public bodies, and participants were clear that they expect the profile of their workforces to evolve in the coming years, with more data analysts, digital specialists and user experience professionals. Some noted that the public sector's physical estate is likely to change as well, with workplaces adapting to new technologies and hybrid ways of working.

Some senior figures want to see the sector's next digital steps rooted in user research, which is an approach that has been understood by government's digital professionals for some time. They talked about the need for digital to be centred around citizen interaction, and some hope to see a shift to greater online self-service so resources can be pivoted to those in need. In other words, if the majority of the public could interact with public services online through automated systems, more resources would be available for vulnerable people to receive the intervention they need.

In the NHS, leaders told us that interoperability will be key. They explained that the federalised structure of the NHS, with hundreds of sovereign organisations across the UK, makes convergence of their systems difficult but bringing coherence to that landscape will be critical.



If the majority of people were self-serving online when they needed something from the government, then you can start to weight resources towards those who need more intensive support.

LOCAL GOVERNMENT CHIEF EXECUTIVE



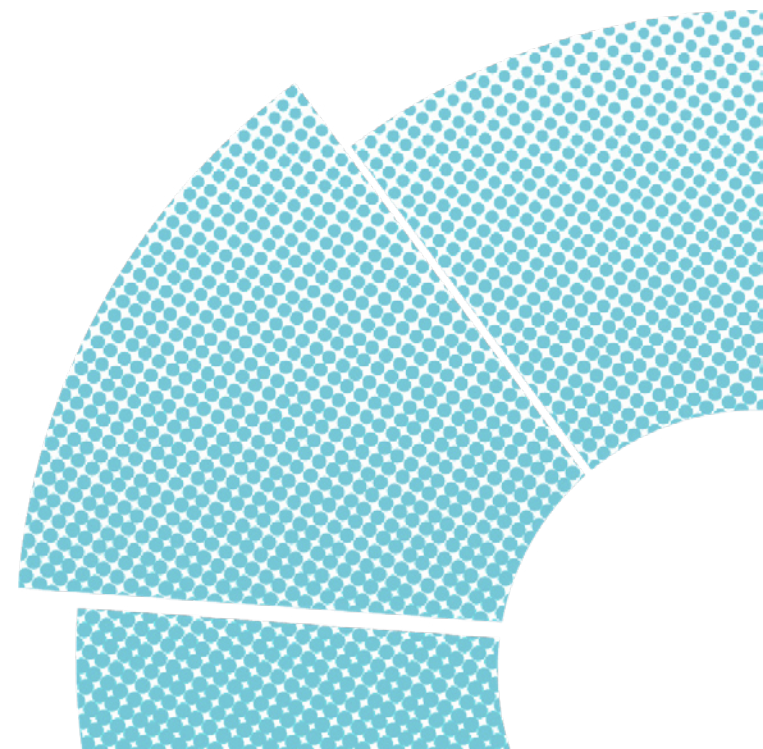
I would like to think that we'll have more coherent architecture across the NHS and more interoperability.

NHS LEADER



We're about two spending reviews away from where government could be on data. We need to do this as an ecosystem and then it'll pay for itself.

SENIOR CIVIL SERVANT



5. Inclusive and inspiring leadership, supporting an engaged and resourced workforce

Looking to the future, many of the leaders we interviewed talked about the need for a more stable, sustainable workforce. They are conscious that more than two difficult years of COVID have left many of their people – especially at the frontline – tired. Against that background, they want to see public bodies close their skills gaps and attract the talent they need so their organisations are fully resourced. Leaders of local services also want to see greater workforce planning and other interventions from central government that will, in time, generate a sustainable flow of people.

Our interviews found a spectrum of views on hybrid working for office-based staff. Some leaders said that increased working from home has improved productivity and employee well-being whilst taking pressure off transport systems.

Others argued that more time in the office is needed for team cohesion, innovation and collaboration. Most told us that flexibility is needed to attract talent, especially when higher salaries might be available in the private sector. Overall, the broad consensus is that a clearer balance needs to be struck between what employees want and what employers need.

Many interviewees also talked about the importance of leadership in their organisations and how COVID has changed the public sector leadership challenge. Once council chief executive explained that technical skills were no longer an issue for people at the top, but the leaders of tomorrow need to be able to energise, inspire and bring people together. Another senior figure told us that today's most effective leaders are building on the team and public service spirit forged during the worst of the COVID pandemic.

“Public service doesn't need leaders with technical skills. We need empathys, sensemakers, people with conviction and courage, people who can tell stories and ask people to get alongside.

COUNCIL CHIEF EXECUTIVE

“I'm getting concerns about drift in the organisation's culture and values when people are away from the office for too long.

SENIOR CIVIL SERVANT

“Inspiring leaders are rallying their troops and getting back to that intrinsic motivation they felt during the pandemic. The leaders who aren't are spiralling downwards.

SENIOR CIVIL SERVANT

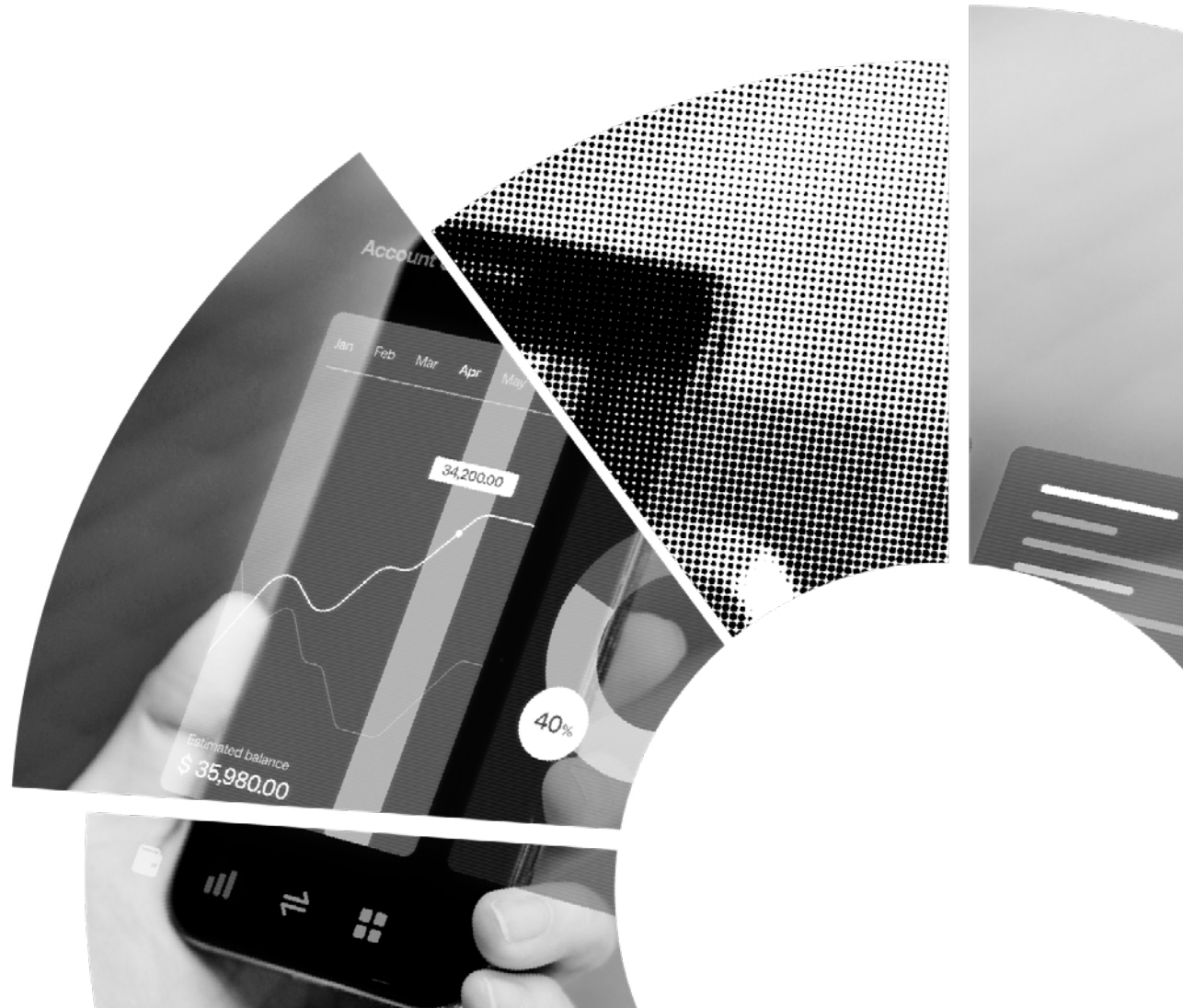
Accelerating into the future of government



Accelerating into the future of government

This year's *State of the State* reports on a public and a public sector that want change. But the scale of the challenge for government and public services, their unsustainable levels of funding and longstanding pressures on their workforces all suggest a system that needs bold reform rather than incremental adjustments. Against that backdrop, our research points to three accelerators that could help power the sector towards its own vision for the future:

- Government needs to think post-digital
- Trust needs to be prioritised and built by leaders with empathy
- Today's challenges require optimisation for delivery and outcomes



Accelerating into the future of government

Research for *The State of the State* research points to three accelerators that could power the public sector towards its own vision for the future. They are:

- Government needs to think post-digital
- Trust needs to be built by leaders with empathy
- The scale of ambition requires optimisation for delivery and outcomes

This year's *State of the State* reports on a public and a public sector that want change. But the scale of the challenge for government and public services, their unsustainable levels of funding and longstanding pressures on their workforces all suggest a system that needs bold reform rather than incremental adjustments. Against that backdrop, our research points to three accelerators that could help power the sector towards its own vision for the future, each ultimately drawn from within the public sector itself through our interviews.

1. Government needs to think post-digital

For more than 20 years, government and public services have strived to harness technology through digital strategies and transformation plans. But digital is now all-pervasive, and it's unthinkable that any organisational change or new venture would not feature digital technology. In other words, we live in a 'post-digital' age.

The most advanced retailers and services are already making the most of this new era. They hold vast 'data lakes' – on servers that are online 'in the cloud' rather than on-site – and deploy artificial intelligence software to fish those data lakes for insight. That's how supermarkets, online retailers and streaming services can make continual nuanced adjustments including placing marketing messages designed just for us. In contrast, much of the public sector is held back by its legacy systems, limited interoperability and fragmented data.

Imagine the potential of that same approach in government. Departments and local services could pool multiple datasets while software searched for patterns and answers to knotty policy dilemmas in real time. Government interventions could be shaped by deep insight into data on public health, educational attainment, patterns of employment, transport preferences and any other dataset that the public sector could bring together.

Of course, all of this would require public consent, the ability for agencies to share data and access to the right technology – but it is within the grasp of government and public services by 2030 if they can 'think post-digital' and move into this new era of possibilities. It's a mindset shift that requires an end to asking 'what should we do with digital', but instead starts with 'what problems do we need to solve?'.

Thinking post-digital also means a new perspective on technology's wider impact. Government is already moving at pace to rethink regulation, tackle online crime and meet the threat of cyberwarfare, each of which is a colossal challenge in their own right. But it also needs to adapt to a myriad unintended consequences of digitisation ranging from the effect of social media on young peoples' mental health to the impact of electricity consumption by data centres on local planning. The relentless progress of digital is changing the physical, social and economic environment we live in, and government needs to be alert as those changes become apparent.

Accelerating into the future of government

2. Trust needs to be built by leaders with empathy

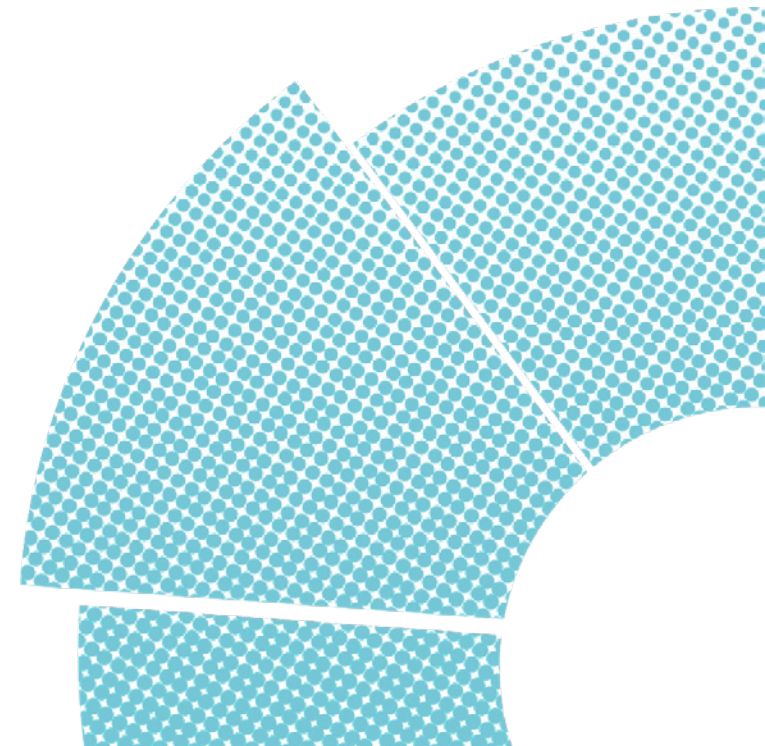
For government and public services, trust is more than a warm sentiment – it's a license to operate. The public vote, pay taxes, comply with regulations and interact with public services because they have a basic level of trust in the institutions that administer them. Breakdowns in that trust erode government's legitimacy with real-world consequences like low voter turnout, reduced compliance and disengagement with public services. This is especially cause for concern for police leaders. The UK's model of policing is based on nine 'Peelian Principles', six of which are rooted in the police's relationship with the public, so it's understandable that Chief Constables interviewed for this report are so focused on rebuilding public trust after a series of incidents that has damaged it.

[Research](#) suggests that trust is built when people and organisations deliver on their promises and live their values. Adapting that thinking for public sector leaders, building trust could mean:

- 1 Leading by example**, with resilient leaders making courageous decisions
- 2 Delivering with excellence**, through good customer experience and service quality
- 3 Performing with distinction**, with impeccable conduct and integrity
- 4 Securing the foundation**, complying with regulations and acting with integrity when things go wrong
- 5 Amplifying core values**, setting an inclusive culture and acting with purpose

Trust is also a critical factor in the future of digital government. As our survey has shown, data security is hugely important to the public and the success of digital interaction with them will rest on trust that their data is safe. Public sector leaders know that means effective data security, but it also means explaining why public data is so important and how its use delivers better outcomes. Ultimately, data trust with the public will be built on sound security and good communications.

Research for *The State of the State* also suggests that the leadership challenge for public sector leaders has changed – not least as a result of COVID – and its senior people need to emphasise leading with empathy. They need to be inclusive, openly committed to their employees' wellbeing and able to pull their people together behind a common purpose, making everyone feel part of the mission. Public sector leaders need to have access to high quality leadership development resources and strive to find the headspace to be an exclusive leader. Ultimately, developing leadership at all levels in public bodies could have an outsized impact on the future of government.



Accelerating into the future of government

3. Today's challenges require optimisation for delivery and outcomes

This year's *State of the State* shows that the public sector has never been more stretched, or more ambitious. But if government wants to deliver profoundly challenging programmes, from Levelling Up the UK's regions to transitioning to net zero, it needs to be clear on the outcomes it wants, optimise its ability to deliver them, and make choices about what it will and will not do.

A first step towards optimising for delivery would be clarity on priorities in central government. In past *State of the State* reports, leading officials have told us that Whitehall has simply too many priorities. As a permanent secretary once observed in our research, Whitehall is 'about thirty per cent overprogrammed'. Going forward, decision makers in government should be realistic about what they really want to achieve with the resources available to them if they want the system to have the best chance of delivering it. That will of course mean making decisions about what central government will stop doing.

Second, government could consider structural reforms to make sure departments and the wider public sector are organised with delivery in mind. The establishment of the National Infrastructure Commission and the Infrastructure Projects Authority in the past decade have made significant differences to government's delivery landscape, but more bold choices could be considered to pivot the sector more generally towards delivery.

At a local level, options might include fulsome devolution to local government, perhaps with combined authorities exercising control over the full span of public services and funding. At the centre, options could include rethinking whether the current departmental landscape is the right one to deliver on system-wide ambitions like net zero. Ultimately, any fundamental rewiring of the state should consider the importance of where the public sector needs to move beyond collaboration and towards integration in order to improve delivery.

Third, government could consider ways to make sure it is able to partner with other sectors and commission services to best effect. Government has transformed its commercial abilities in the past decade and is leveraging its procurement to make sure suppliers deliver additional 'social value' in their contracts. It should continue to invest and develop that capability as it works in partnership with its supplier base.

A fourth step towards optimising for delivery is to make sure the right capabilities are available. The UK Civil Service is recognised around the world for its policymaking expertise, but its delivery expertise needs to be on an equal footing. Learning and development initiatives in recent years have made a significant difference but a fundamental shift is still required to make delivery a strength that is celebrated in government as much as its policy making.

This year's *State of the State* shows that the public sector has never been more stretched, or more ambitious. But if government wants to deliver profoundly challenging programmes, from Levelling Up the UK's regions to transitioning to net zero, it needs to be clear on the outcomes it wants, optimise its ability to deliver them, and make choices about what it will and will not do.

England's regions

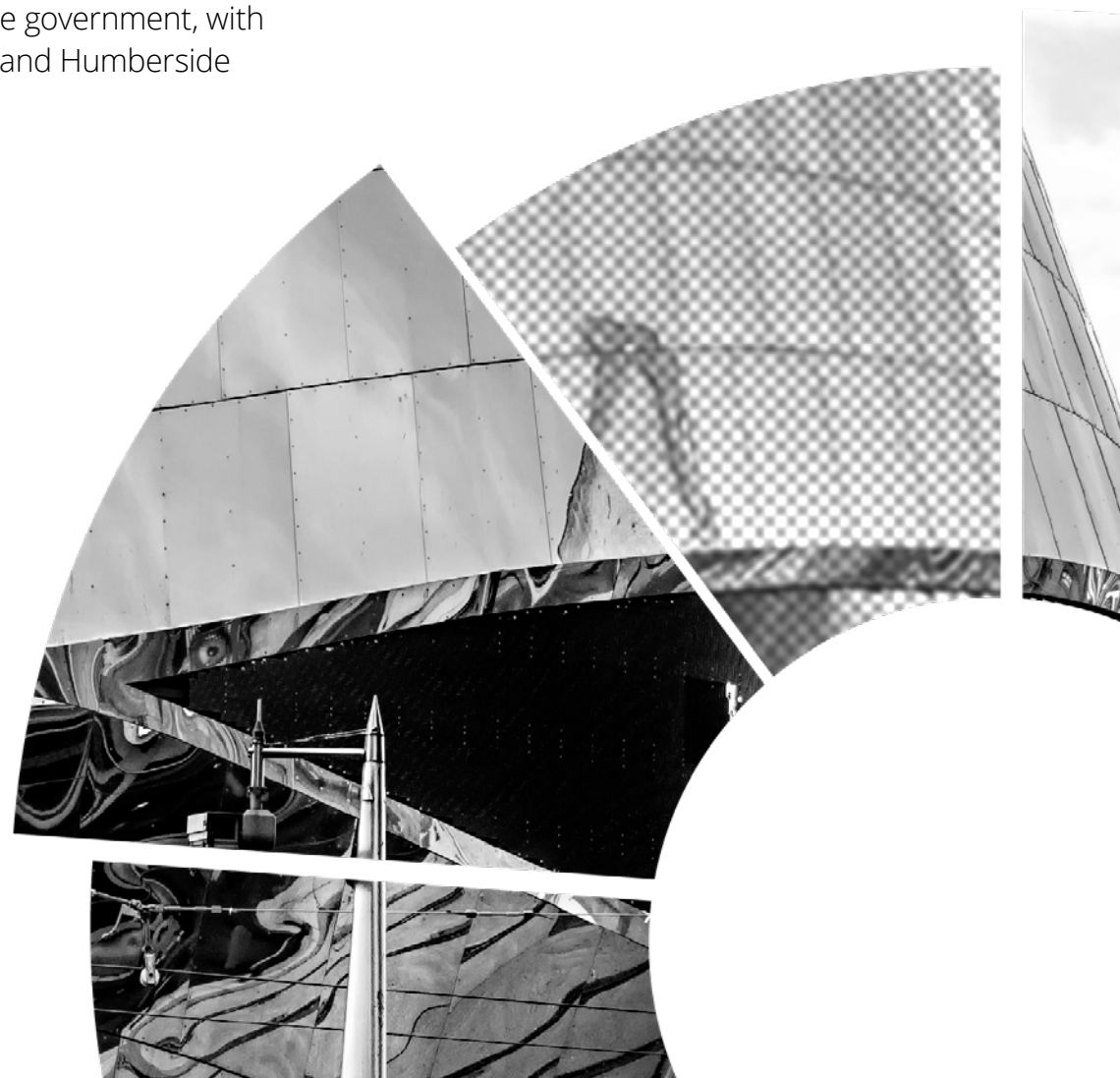


England's regions

This section of *The State of the State* explores some additional detail on attitudes in the English regions arising from our survey.

Key findings are:

- Attitudes to tax and spending vary significantly within England, with Londoners the most likely to back higher public spending and people in the North East the most likely to back tax cuts
- Views on priorities for government are broadly consistent across England but with some nuances. People in Yorkshire and Humberside, for example, are the most keen that government tackles NHS waiting lists
- Londoners are the most likely people in the UK to trust in the government, with people in Yorkshire and Humberside among the least

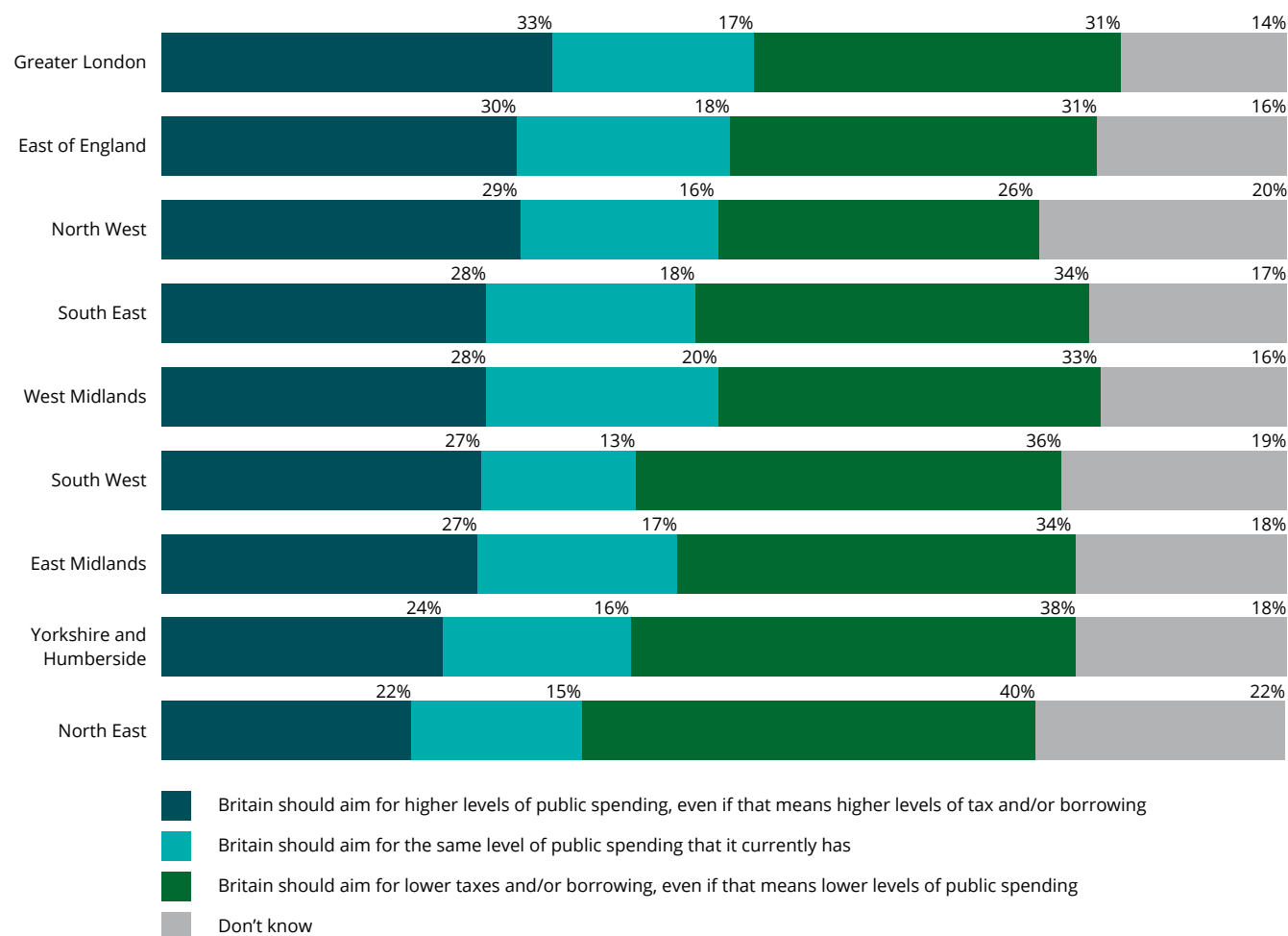


England's regions

Our *State of the State* survey shows significant differences in public attitudes across England's regions.

On tax and spending, our survey found that Londoners are the most likely people in England to want higher levels of public spending and higher taxes to match. At the other end of the spectrum, people in the North East are far more likely to want tax cuts and lower public spending. The chart on the right shows these views by region.

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. Which of the following, if any, do you think should be UK government policy for the balance between public spending and the levels of taxation and public borrowing in the future?



Base: 5,813 Online UK adults 16-75.

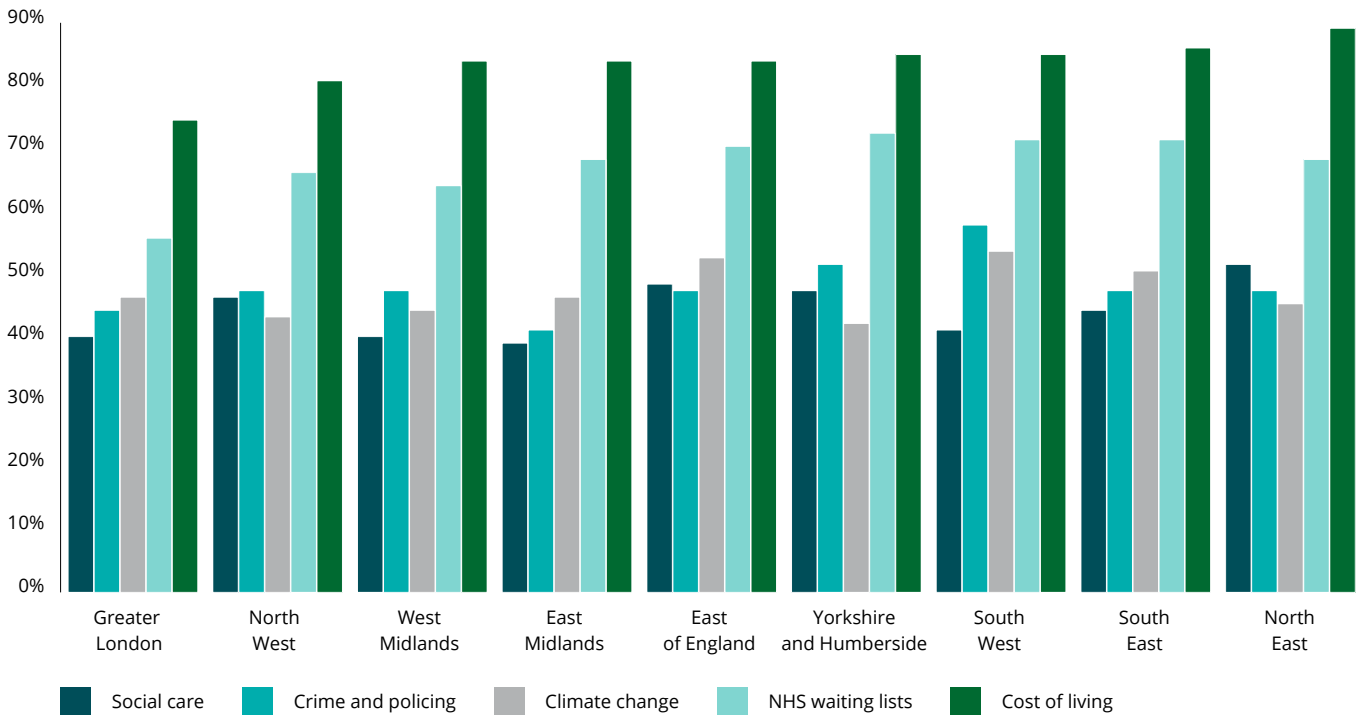
England's regions

Our *State of the State* survey asked the public what the top priorities for improvement across the UK over the next few years should be.

There was a broad level of consensus for the top five priorities as shown in this chart, with some subtle differences. For example, people in London are less likely to want government to prioritise cost of living issues while those in Yorkshire and Humberside are most likely to want NHS waiting lists to be prioritised.

For a map of regional differences beyond the top five, please see page 13.

Which of the following issues, if any, do you think should be the top priorities for improvement in the UK over the next few years or so?



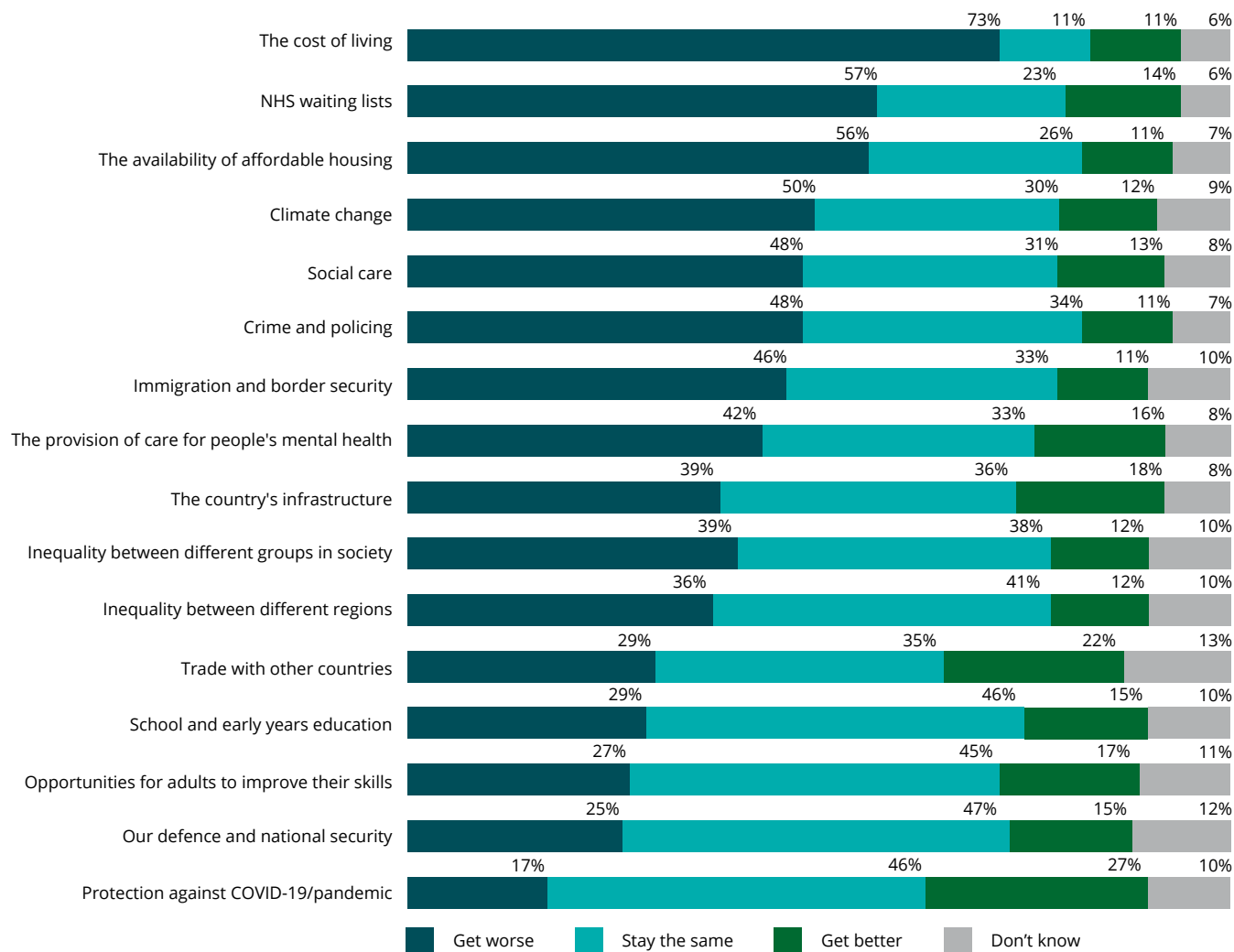
Base: 3,810 Online England adults 16-75. Chart shows top five public priorities.

England's regions

Levels of optimism for the future are as limited in England's regions as the rest of the UK, with the majority of the public believing that key elements of public life are unlikely to improve.

Just under three quarters (73 per cent) of the English public think that the cost of living is set to get worse. There are regional variations in pessimism, with the North East and East Midlands more likely than the English average to say that the cost of living will get worse (82 and 80 per cent respectively) compared to 62 per cent in Greater London.

Thinking about the next few years or so, do you think that each of the following will get better, get worse or stay about the same in the UK?



Base: 3,810 Online England adults 16-75. Chart shows England average across all regions.

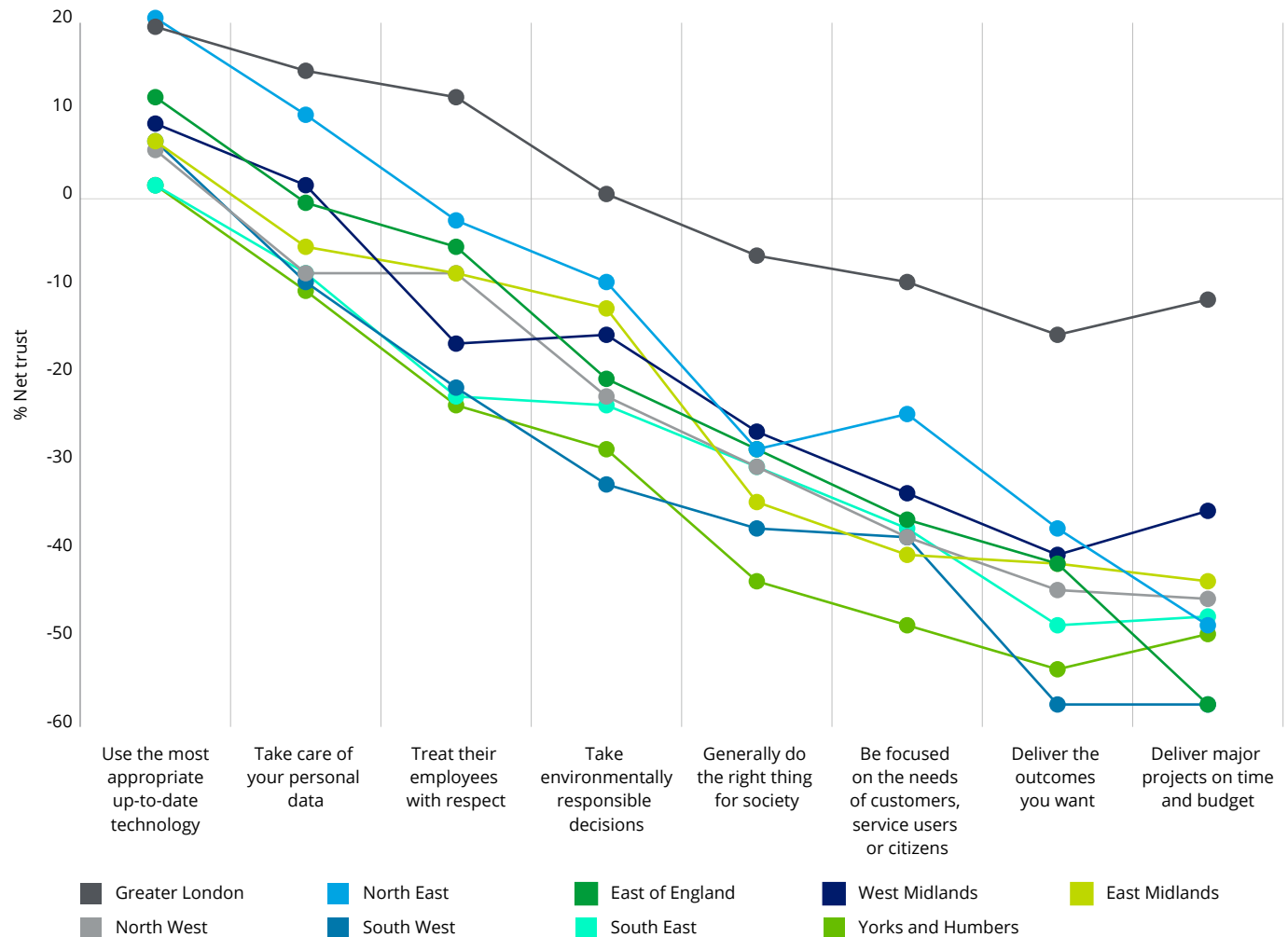
England's regions

Views of trust in government are also split by region.

As the chart shows, Londoners appear to trust the UK Government more than the rest of England, followed by the North East in general. In contrast, Yorkshire and Humberside, the South East and South West tend to be the least trusting regions.

As in the rest of the UK, people in England's regions are relatively confident that the Government uses up-to-date technology, but at the other end of the spectrum, there appears to be a view that the state struggles to deliver major projects on time and to budget.

To what extent, if at all, do you trust the UK Government to...?



Figures shown are % net trust (great deal/fair amount minus not very much/not at all).

Base: 3,810 Online England adults 16-75.

Northern Ireland

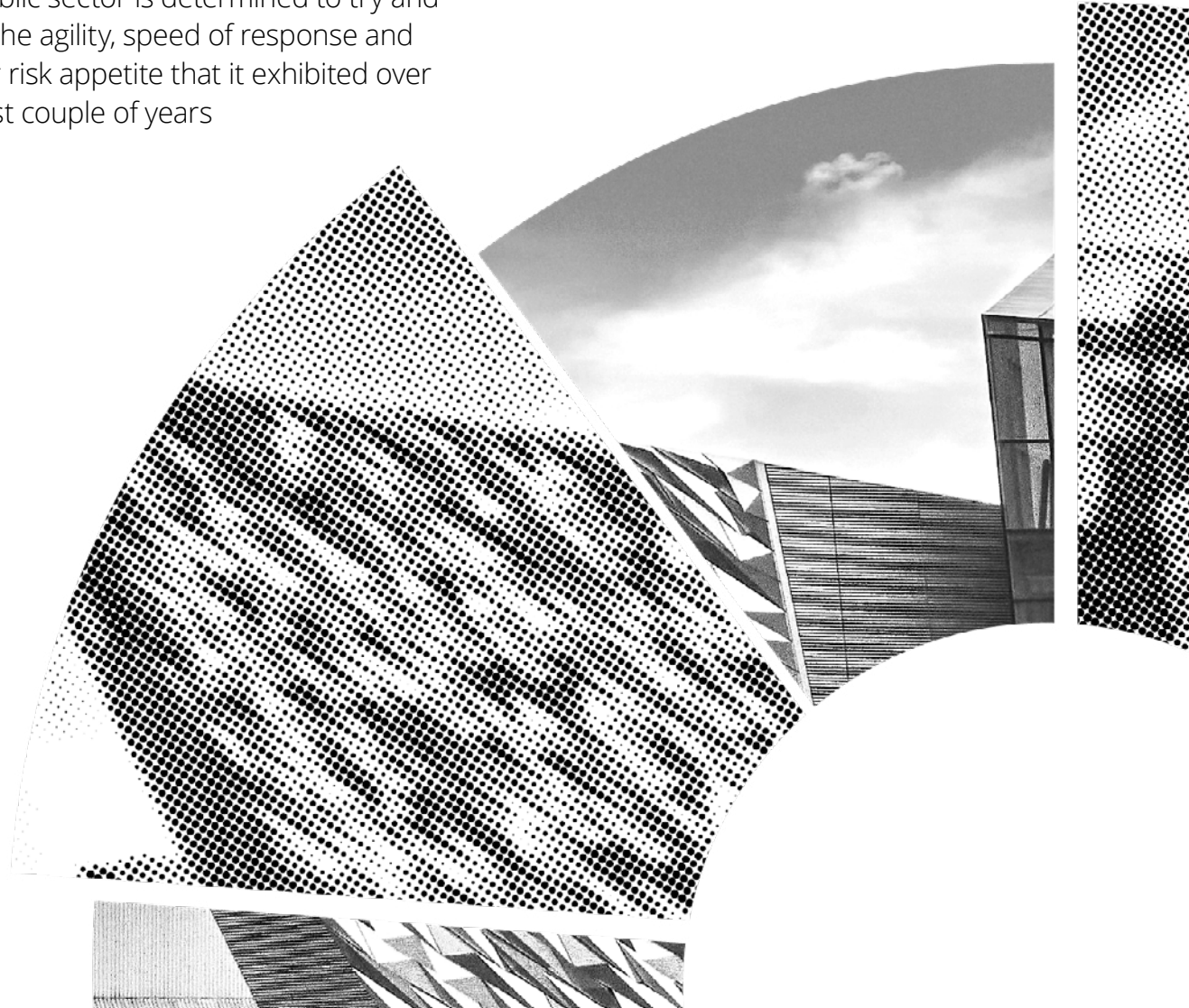


Northern Ireland

This section of *The State of the State* explores our research in Northern Ireland.

Key findings are:

- Northern Ireland's public are less likely to see climate change as a priority but more likely to want improvements in mental health provision
 - Government in Northern Ireland is the least trusted in the UK, probably exacerbated by political instability and the ongoing absence of an Executive
 - Officials in Northern Ireland warn that bold choices will be needed from a returning Executive – not least on health spending
- The public sector is determined to try and retain the agility, speed of response and greater risk appetite that it exhibited over the past couple of years



Northern Ireland

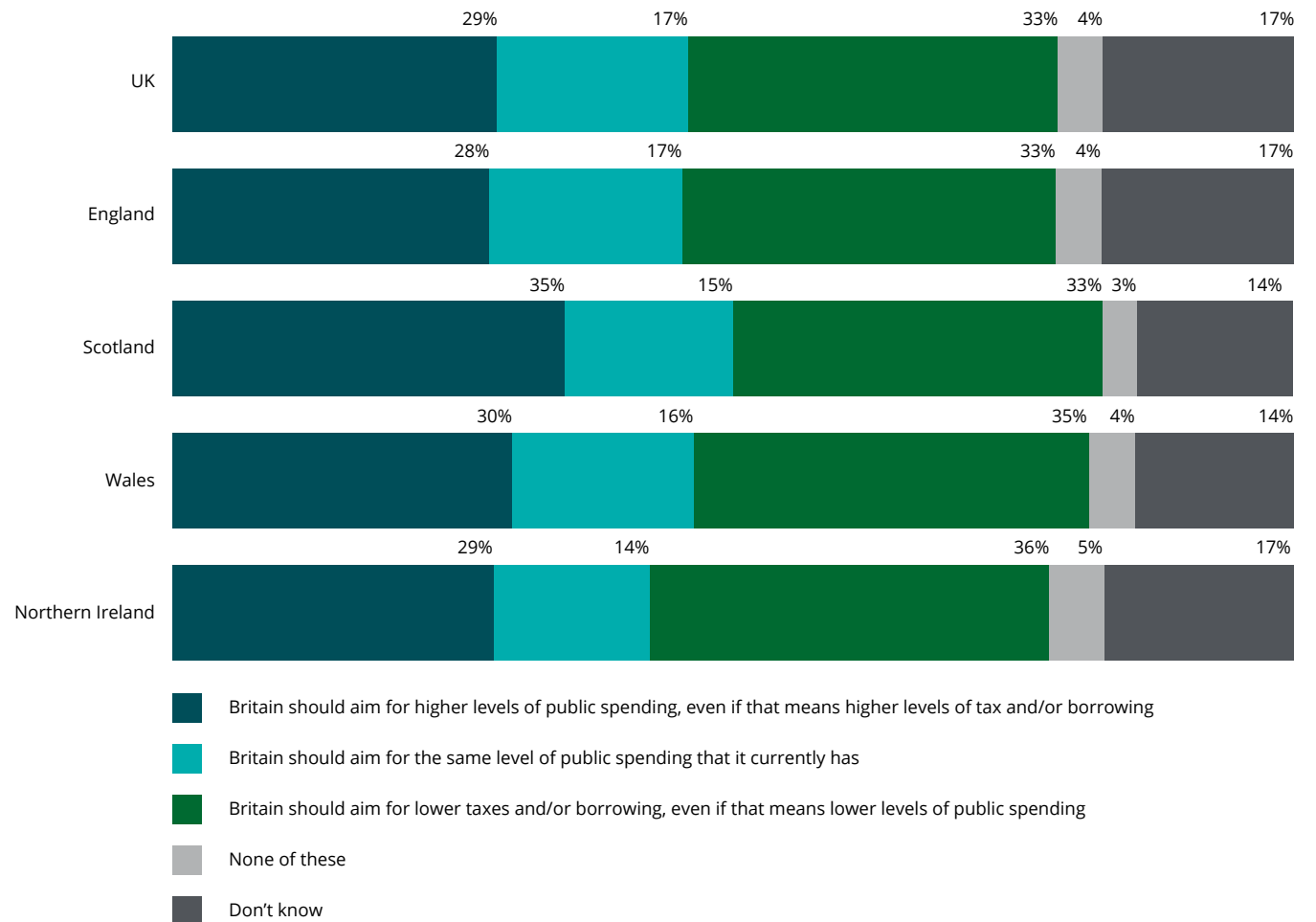
For Northern Ireland, the past six years have been characterised by two inextricably-bound factors: its political instability and its critical position in EU Exit.

Our *State of the State* research this year commentates on a Northern Ireland public with increasingly distinct attitudes to government, and a public sector that faces the same cost of living challenges as the rest of the UK – but with debates around the Protocol and the absence of an Executive weighing heavily on top.

Our citizen survey found that the views of the Northern Ireland public differ from the rest of the UK in three key areas: government priorities, pessimism for improvement and trust in the state.

The chart to the right shows attitudes to public spending in the four nations of the UK. Some 36 per cent in Northern Ireland said they would prefer to see lower taxes or lower borrowing, even if that means lower public spending, compared to the UK average of 33 per cent.

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. Which of the following, if any, do you think should be UK government policy for the balance between public spending and the levels of taxation and public borrowing in the future?



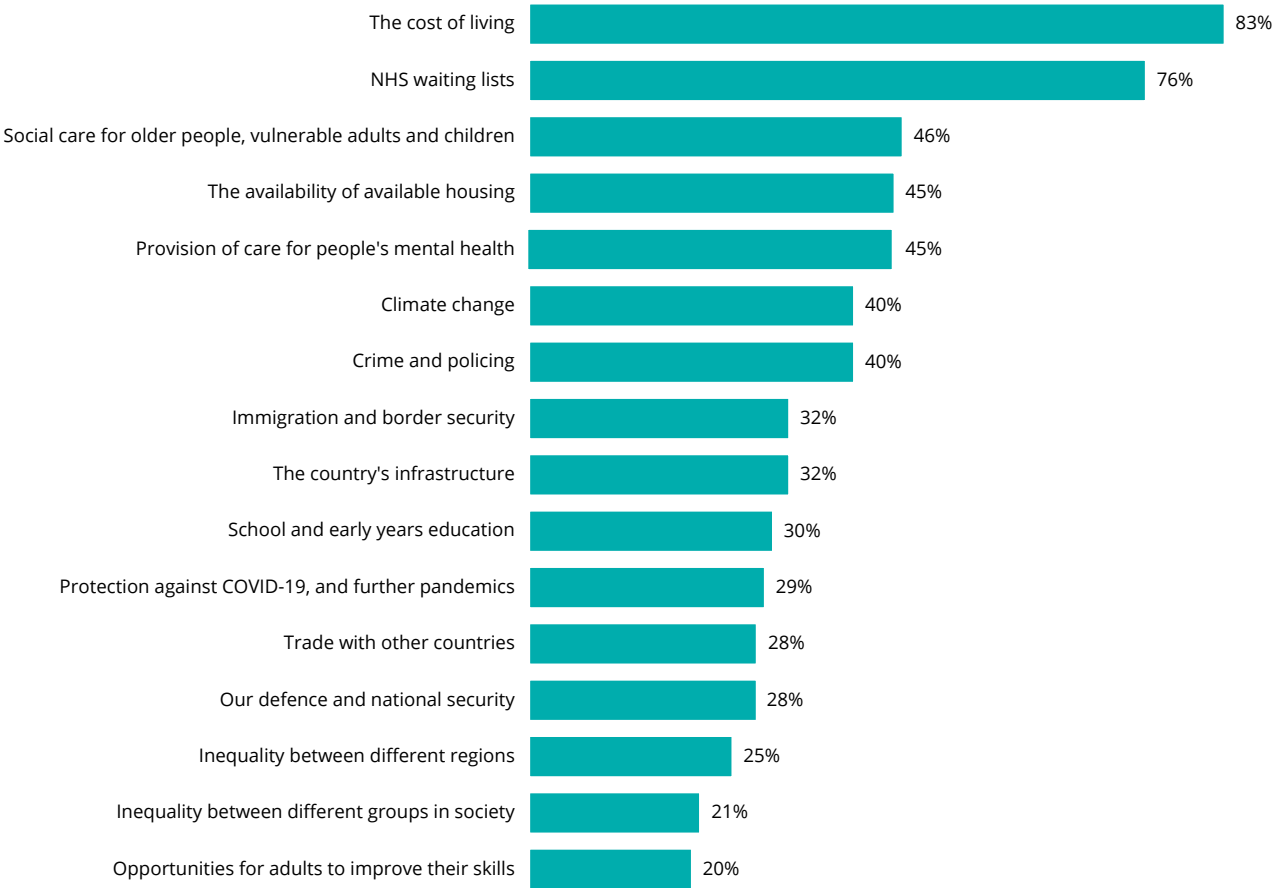
Base: 5,813 Online UK adults 16-75.

Northern Ireland

The Northern Ireland public also appears to have a distinct view on government priorities for improvement. The chart on the right shows what the people of Northern Ireland want government to prioritise in the years ahead.

In common with the rest of the UK, they see the most important issue for government as the cost of living crisis. They place even more emphasis on NHS waiting lists as a priority than the UK average. But while the rest of the UK put climate change as their third priority, it came sixth in Northern Ireland. Instead, the region's public would prefer government to focus on social care, housing and mental health.

Which of the following issues, if any, do you think should be the top priorities for improvement in the UK over the next few years or so?



Base: 445 Online Northern Ireland adults 16-75.

Northern Ireland

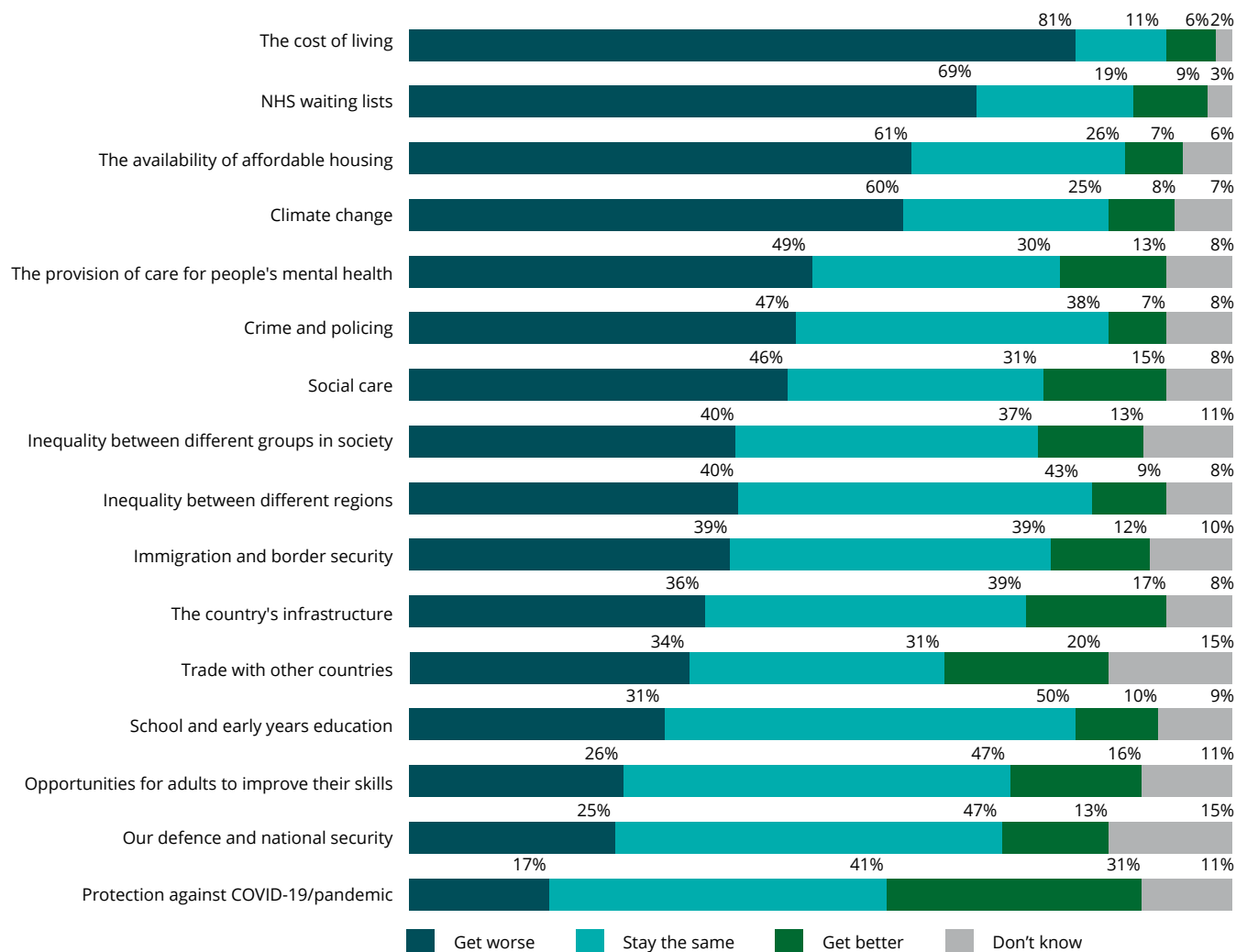
Our optimism index finds the Northern Ireland public among the UK's most pessimistic.

Some 81 per cent expect the cost of living crisis to get worse and 69 per cent expect NHS waiting lists to get worse in the years ahead, compared to UK averages of 74 and 58 per cent respectively.

More encouragingly, some 31 per cent of the Northern Ireland public believe that our protection against COVID is set to improve, compared to a UK average of 27 per cent.

Across the areas covered in the lower half of the chart, more of the public believe the issue will stay the same or get better rather than get worse. While that is not an enthusiastically optimistic view, it does suggest the Northern Ireland public think areas like schools, skills and defence are resilient.

Thinking about the next few years or so, do you think that each of the following will get better, get worse or stay about the same in the UK?



Base: 445 Online Northern Ireland adults 16-75.

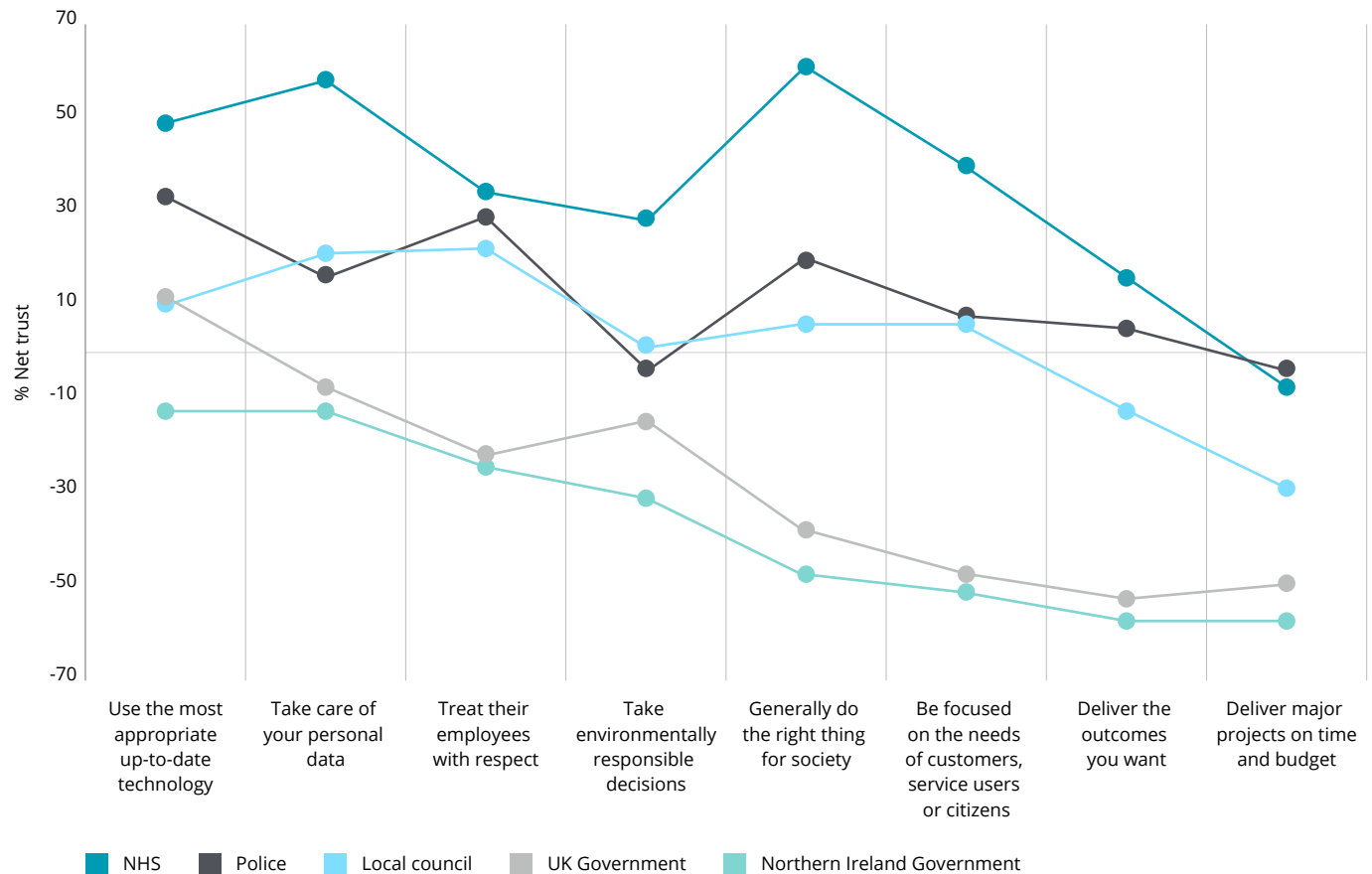
Northern Ireland

Our survey questions on trust found the Northern Ireland Government to be the least trusted administration within the UK. It seems likely that the Executive's lengthy absence has taken a toll on public confidence that might take some time to rebuild.

The chart to the right shows net trust levels across local services and different government administrations for the Northern Ireland public. It shows better levels of trust across public services compared to lower levels for both the UK and Northern Ireland Governments. In common with the rest of the UK, there appears to be a perception in Northern Ireland that the public sector struggles to deliver major projects on time and to budget.

Some of these trust levels have dropped significantly since last year. Most notably, trust in the police to 'do the right thing for society' dropped by fifteen percentage points. That might be cause for concern, but trust in the police does remain relatively positive overall. Other significant drops include a nine percentage point reduction in the Northern Ireland public's trust in the UK Government to 'do the right thing for society'.

To what extent, if at all, do you trust...to...?



Figures shown are % net trust (great deal/fair amount minus not very much/not at all).

Base: 445 Online Northern Ireland adults 16-75.

Northern Ireland

Our interviews with Northern Ireland's public sector leaders also heard views distinctive to the region – and not least around political instability arising from the absence of an Executive. Civil servants are widely acknowledged to have performed with quiet distinction in the absence of ministers.

Some told us that it causes less day-to-day disruption than commentators might think, but they also talked about the opportunity cost that has come with an absence of political leadership.

Officials are better sighted than anyone to understand what Northern Ireland loses without an Executive and they agreed that the formation of a new Executive would be far better than direct rule, however there will need to be an improvement in the stability and resilience of the political institutions. Most officials agreed that disagreements around the Protocol were now the main barrier to its return. As the Executive failed to reform, all Ministers ceased to hold office on 28 October 2022 and the Secretary of State for Northern Ireland is legally bound to call a new Assembly Election.

Without an Executive, no budget has been set and key officials told us about the challenges of spending control and the real risk that the NI control total will be exceeded. Many warned that a new Executive will have a series of difficult choices to make on expenditure – especially around healthcare – and that there is little appetite among politicians for revenue-raising measures.

Furthermore, the absence of multi-year budgets is hampering strategic planning. There was a strong sense among interviewees that the direction of travel set by ministers, when they were in office, is starting to run out of road. Public sector leaders in Northern Ireland, like their peers in the rest of the UK, are eager for reform as well as additional investment. Some even asked whether the current model of government needs fundamentally rethinking.

Interviewees recognised the success that the Northern Ireland Civil Service has had in digital transformation so far, but some felt that elements of the region's public sector are lagging their peers around the UK and beyond. Beyond digital transformation, there was also recognition that the public sector needs to better collaborate with the private and third sectors to use their expertise of digital technology and artificial intelligence.

“It isn't power sharing we need, it's responsibility sharing.”

ELECTED REPRESENTATIVE

“Treasury threw a lot of money at us during the pandemic. This masked the budget problems. The same level of funding won't be forthcoming to respond to the next set of crises.”

SENIOR CIVIL SERVANT

“The lack of certainty and stability around the Protocol is destabilising. We need certainty and stability for all sides. But the point is, we need to be at the negotiating table.”

SENIOR CIVIL SERVANT

“Alongside reform we are going to have to look at what fiscal levers we have available to increase our investment capacity, so cuts to other services are not as deep.”

ELECTED REPRESENTATIVE

“If we don't get some form of funding injection we will have to stop some of the things that we are doing. But none of that is palatable.”

SENIOR CIVIL SERVANT

Northern Ireland

In common with the rest of the UK, public sector leaders in Northern Ireland are understandably concerned about the cost of living crisis, the effect of inflation on their budgets and the hardships facing households.

Some warned of a threat of industrial action this autumn and winter as public sector workers may seek pay rises to match or beat inflation. Several interviewees told us that priorities such as the cost of living crisis meant that the longer-term climate change challenge has slipped 'well down the agenda'.

Our interviews found a spectrum of views on hybrid working for the public sector's office-based staff. Some of the sector's employers haven't yet found equilibrium with new ways of working as there is a demand for people wanting to work from home, but many organisations need or want them on the ground. Some public sector employers said they are considering minimum attendance in offices but are taking it slowly as there are concerns that by reducing staff flexibility, employees might leave.

There is recognition across the Northern Ireland Civil Service that workforce planning needs attention, not only due to the number of ongoing retirements, but given that the age demographic of its staff is not reflective of society, and that they need to recruit younger staff.

Looking forward, Northern Ireland's public sector leaders have compelling visions for the future. Many in central government want to see a more connected, innovative, agile, responsive and representative civil service that is able to deliver quality public services. Several said they would like to see more collaboration between government and the private sector to deliver on key priorities.

“ COVID necessitated a rapid increase in new ways of working and a stepped increase in digital working and speed of decision making. We don't want to revert to former working practices.

SENIOR CIVIL SERVANT

“ We need a more streamlined Civil Service focusing on key areas such as digital and shared services that actually work. We should not be doing as much but doing what we do well better.

AGENCY CHIEF EXECUTIVE

“ I would like the civil service to be in that cluster of organisations that young kids want to work for. A gold standard employer that is better connected to the customer and citizen. I want to see people fighting to get into the Civil Service.

SENIOR CIVIL SERVANT

“ The whole climate thing has become frustrating as it's all about the target. Unless we do something we will never hit the target. We need to do something in next five years not by 2040 or face a legal challenge.

ELECTED REPRESENTATIVE

Scotland



Scotland

This section of *The State of the State* explores our research in Scotland.

Key findings are:

- The Scottish public stands out as the only part of the UK with a preference for higher public spending
- People in Scotland want their Government to prioritise the cost of living crisis, NHS waiting lists and climate change. The public see crime as less of a priority than in England
- Our research heard varied views on the prospect of a second Scottish Independence Referendum – some said it drives uncertainty across the public sector, others disagreed



Scotland

Since 2012, *The State of the State* has reported on an ever-growing divergence between the politics and policies of the devolved administrations and the UK Government. Scotland in particular has stood out with its distinctive political landscape and public views that consistently differ to the rest of the UK – and this year is no different.

Our survey found the UK public broadly split on attitudes to tax and spending but Scotland stands out as the only UK nation with a preference towards higher spending and higher taxes to fund it.

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. Which of the following, if any, do you think should be UK government policy for the balance between public spending and the levels of taxation and public borrowing in the future?

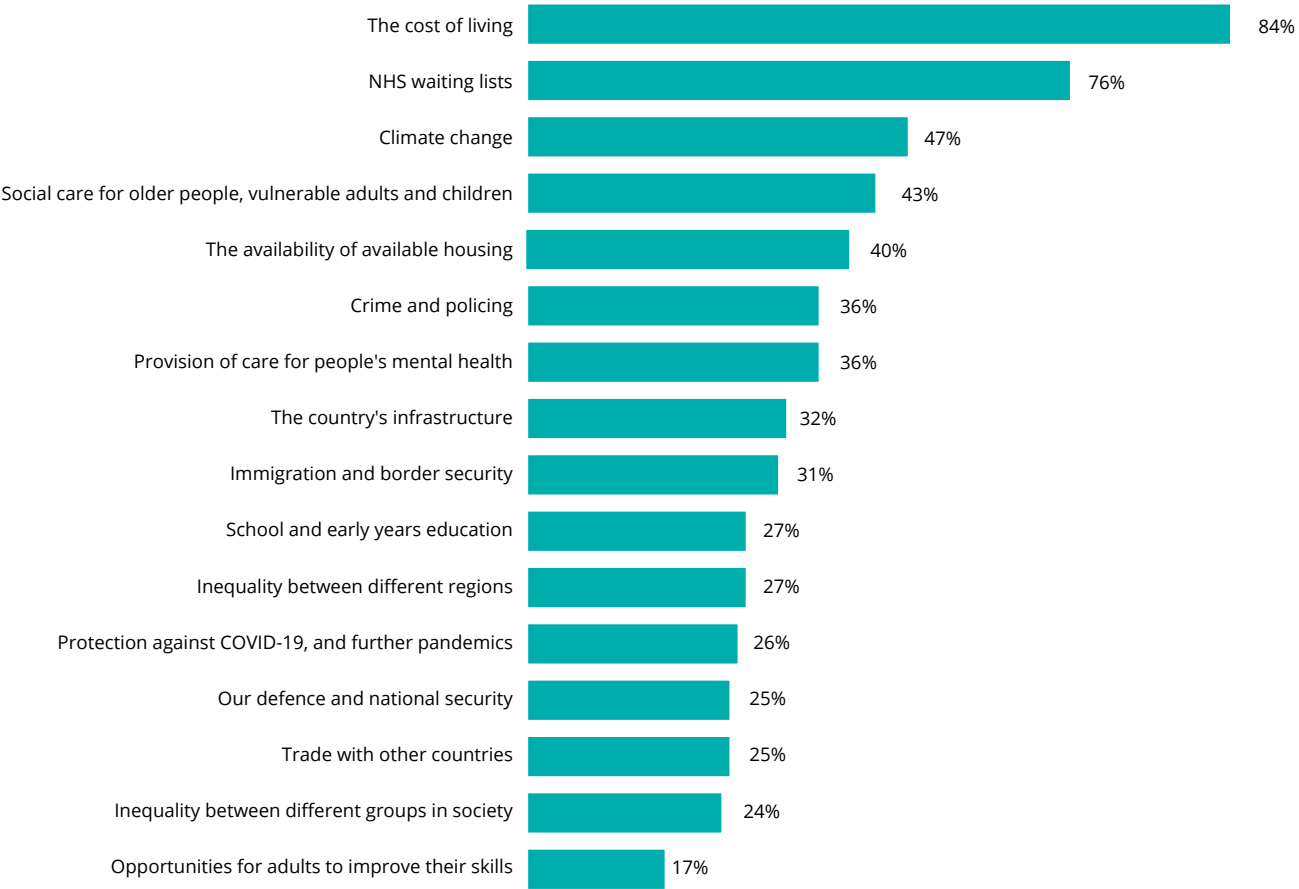


Base: 5,813 Online UK adults 16-75.

Scotland

In common with the rest of the UK, the Scottish public want their government to prioritise the cost of living crisis and NHS waiting lists. They also placed climate change as third on the list of priorities. However, respondents in Scotland are less likely than those in England to say that crime is a priority, with 36 per cent mentioning it compared to 46 per cent in England.

Which of the following issues, if any, do you think should be the top priorities for improvement in the UK over the next few years or so?



Base: 899 Online Scottish adults 16-75.

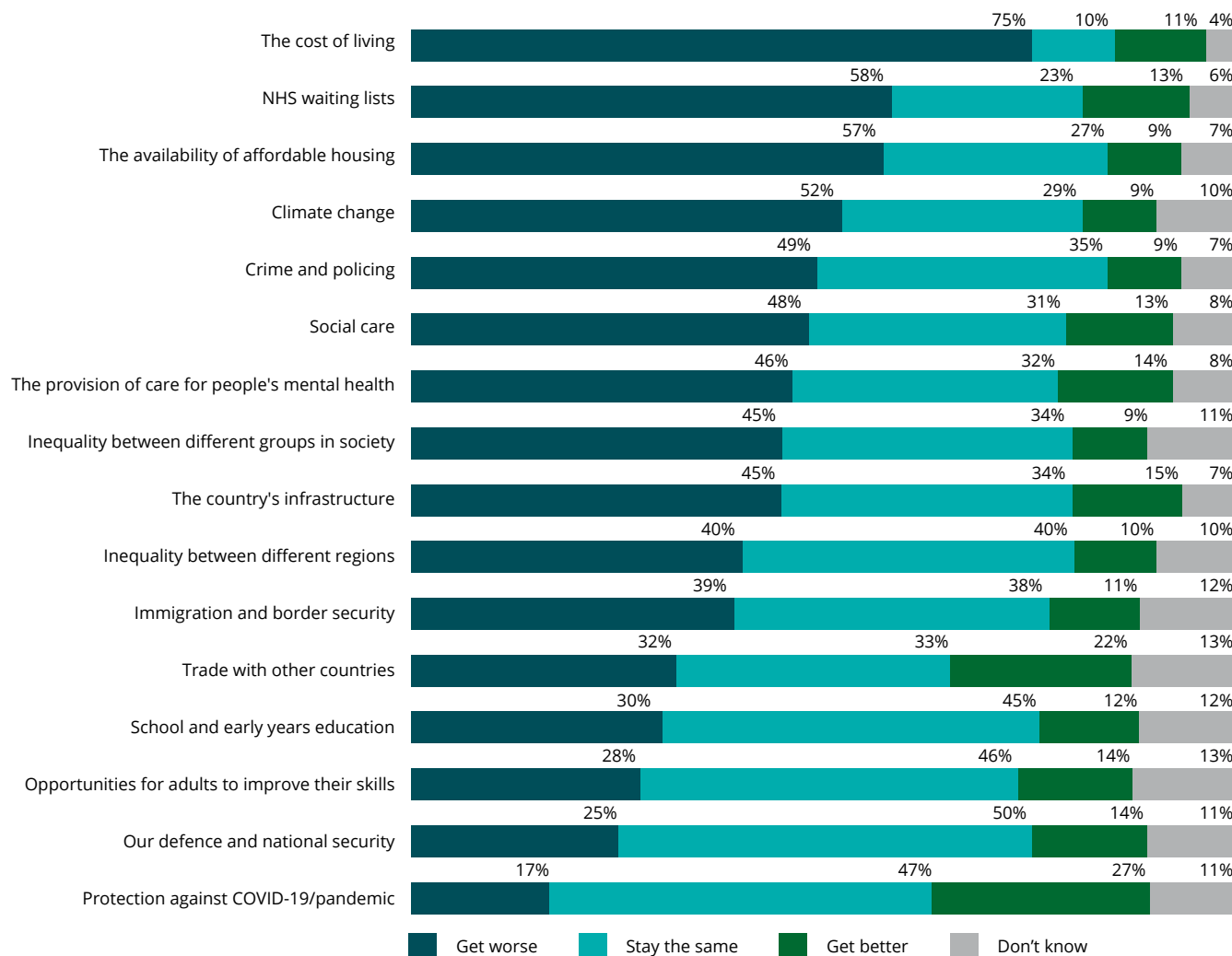
Scotland

Levels of optimism for the future are as limited in Scotland as the rest of the UK, with the majority of the public believing that key elements of public life are unlikely to improve. Three-quarters of the Scottish public think that the cost of living is set to get worse.

However, two glimmers of optimism stand out. More people believe that the country's protection against COVID is going to get better than worse, and around one in five believe that trading relationships with other countries is set to get better.

Across the areas covered in the lower half of the chart, more of the public believe the issue will stay the same or get better rather than get worse. While that is not an enthusiastically optimistic view, it does suggest the Scottish public think areas like schools, skills and defence are stable.

Thinking about the next few years or so, do you think that each of the following will get better, get worse or stay about the same in the UK?



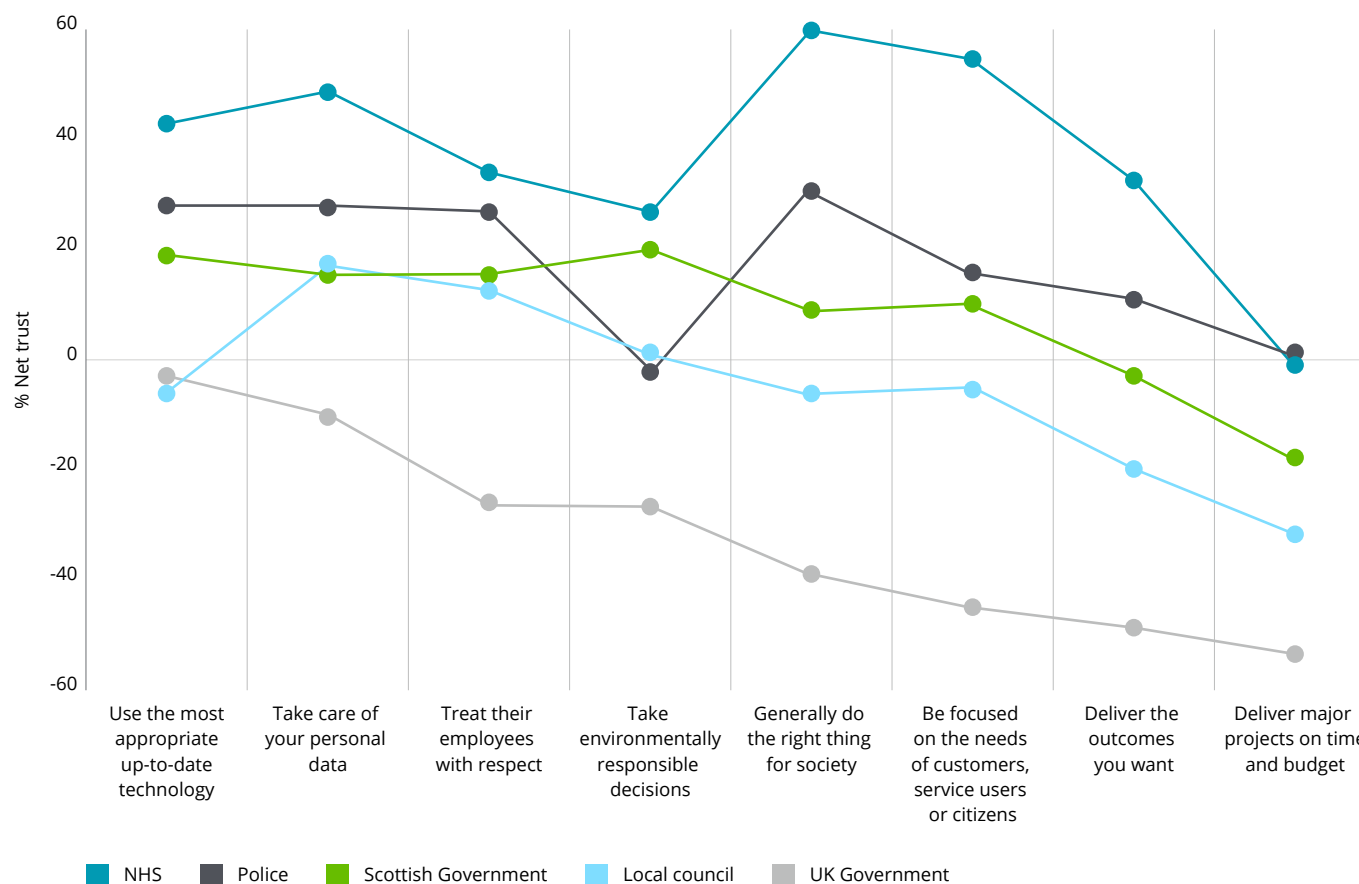
Base: 899 Online Scottish adults 16-75.

Scotland

Our survey questions on trust found the Scottish public has significantly more confidence in their devolved government than the UK administration, perhaps driven by a strong sense of national identity.

As the chart shows, trust in government and public services varies in Scotland according to administration, service and function. Overall, the NHS and Police enjoy higher levels of trust than local and central government and the public generally believes that the public sector does not excel at delivering major projects.

To what extent, if at all, do you trust...to...?



Figures shown are % net trust (great deal/fair amount minus not very much/not at all).

Base: 899 Online Scottish adults 16-75.

Scotland

Public sector leaders in Scotland told us about the same issues and aspirations as their peers in other parts of the UK. Their most pressing concerns are the cost of living crisis and the state of the NHS, and several told us that the COVID pandemic has left their people and resources depleted.

Interviewees told us that the pandemic exacerbated inequalities for disadvantaged groups that are now more likely to be affected by the cost of living crisis. One local government chief executive talked about the interventions that councils are planning, including 'warm banks' where public places, such as libraries, are heated so people can go there if they are unable to heat their own homes.

All of our interviewees in Scotland talked about the debates around a second Scottish Independence Referendum, although views were mixed. Some said that the prospect of another vote created uncertainty across the public sector while others said it had little impact.

“ Our emergency crisis funds from the Scottish Government aren't meeting demand so councils are topping them up, and we're looking at 'warm banks' for the winter where we'll heat buildings like libraries, so people can go there if they can't afford to heat their homes.

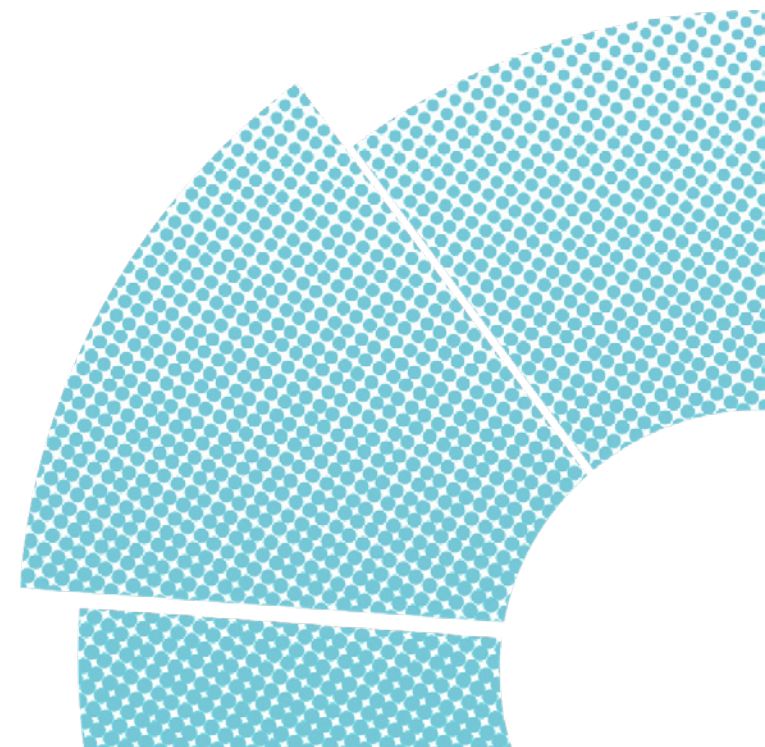
LOCAL GOVERNMENT CHIEF EXECUTIVE

“ The number one issue for Scotland is that demand for the NHS is outstripping supply. We don't have the best health system in the world but we're spending a lot of money on it.

PARLIAMENTARIAN

“ Until we get a resolution to the prospect of a second Independence Referendum, everything will remain in its shadow.

HEALTH AND SOCIAL CARE LEADER



Scotland

In common with the rest of the UK, public sector leaders in Scotland shared serious concerns about the NHS. They agreed that unsustainable levels of spending, backlogs caused by COVID and heightened demand have conspired to push the health system to crisis point. Several warned that short term fixes – while useful to alleviate pressure – would not solve these deep-rooted problems.

The interface between health and social care is seen as a key fracture in the system, and all eyes are on the creation of Scotland's National Care Service. Interviewees are optimistic that this bold play from the Scottish Government will improve outcomes, although some in local government are wondering what it means for the sector's future. If social care responsibilities and budgets leave councils, one leader asked whether that will pave the way for debates on local government's future.

Looking ahead, interviewees in Scotland were notably enthusiastic for the potential of digital interaction with the public. One leader told us that Scotland is well-placed to lead the pack in digital government, with ministers ready to invest.

“ If social care is moved from local government, it throws up questions about what councils are for and that's making people feel uneasy. But it's a huge opportunity to shake things up and think about the future of local government as place-leaders.

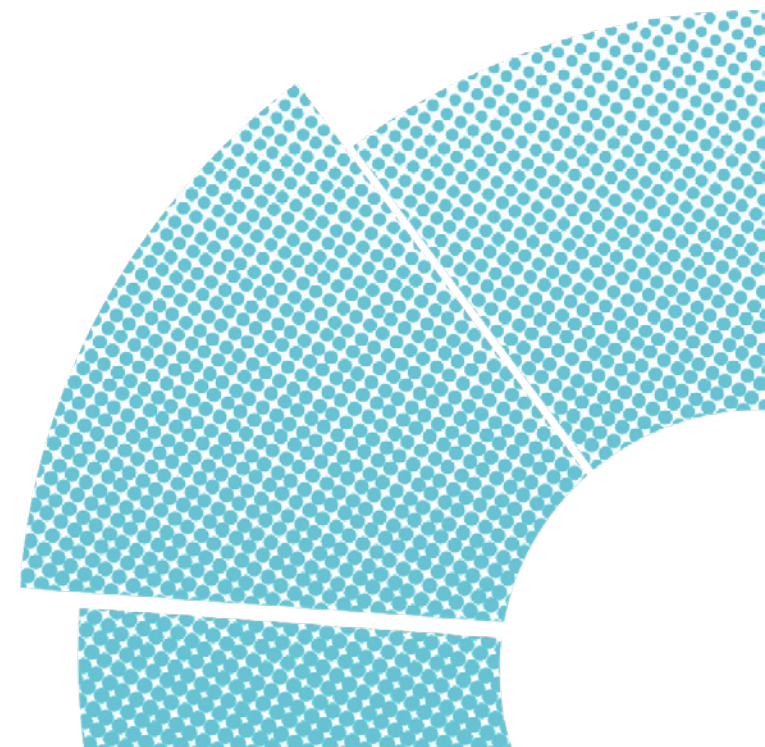
LOCAL GOVERNMENT CHIEF EXECUTIVE

“ There's an increasing recognition we need to invest in digital public services in Scotland. That might mean difficult decisions, but I see evidence that ministers are wanting to make them.

SENIOR CIVIL SERVANT

“ People say health is broken but I'm too loyal to say that. But we're in a perfect storm and the system is under the most distress that I have ever seen.

HEALTH AND SOCIAL CARE LEADER



Wales



Wales

This section of *The State of the State* explores our research in Wales.

Key findings are:

- Welsh Government is one of the UK's most trusted central administrations, and the only one to see some elements of trust increase in the past year
- More of the Welsh public would prefer tax cuts than higher public spending
- Officials told us about stark challenges in social care

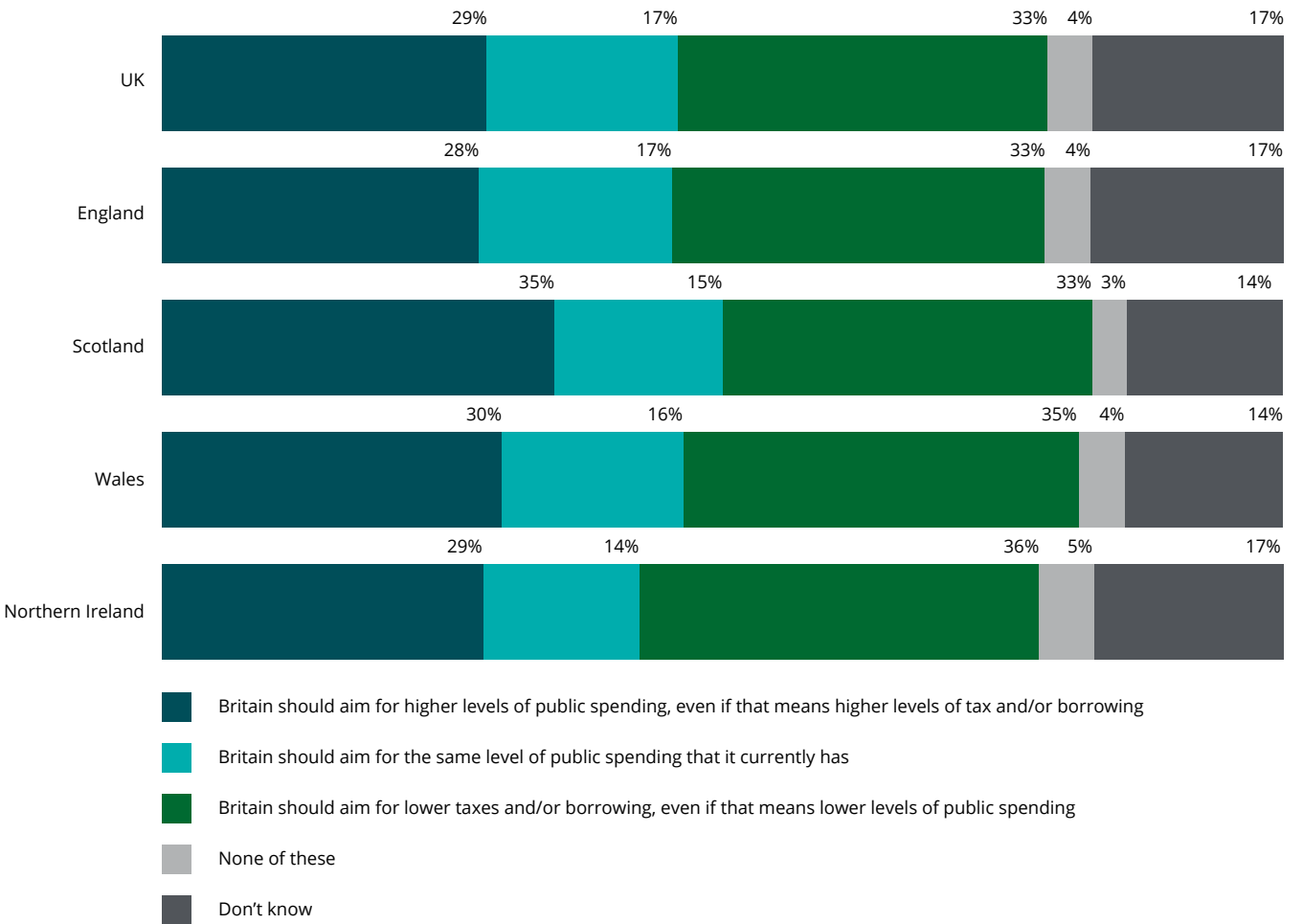


Wales

This year's *State of the State* find views among the Welsh public deeply affected by the cost of living crisis. At the same time, the majority are worried about NHS waiting lists and broadly pessimistic for the future.

Our citizen survey found that people in Wales are more likely to want tax cuts than higher levels of public spending. Some 35 per cent said that the UK should aim for lower taxes, compared to 30 per cent who favour higher taxes and higher spending. Just 16 per cent want to see the same levels of tax and spending continue – suggesting an appetite for change but not agreement on the form that change should take.

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. Which of the following, if any, do you think should be UK government policy for the balance between public spending and the levels of taxation and public borrowing in the future?

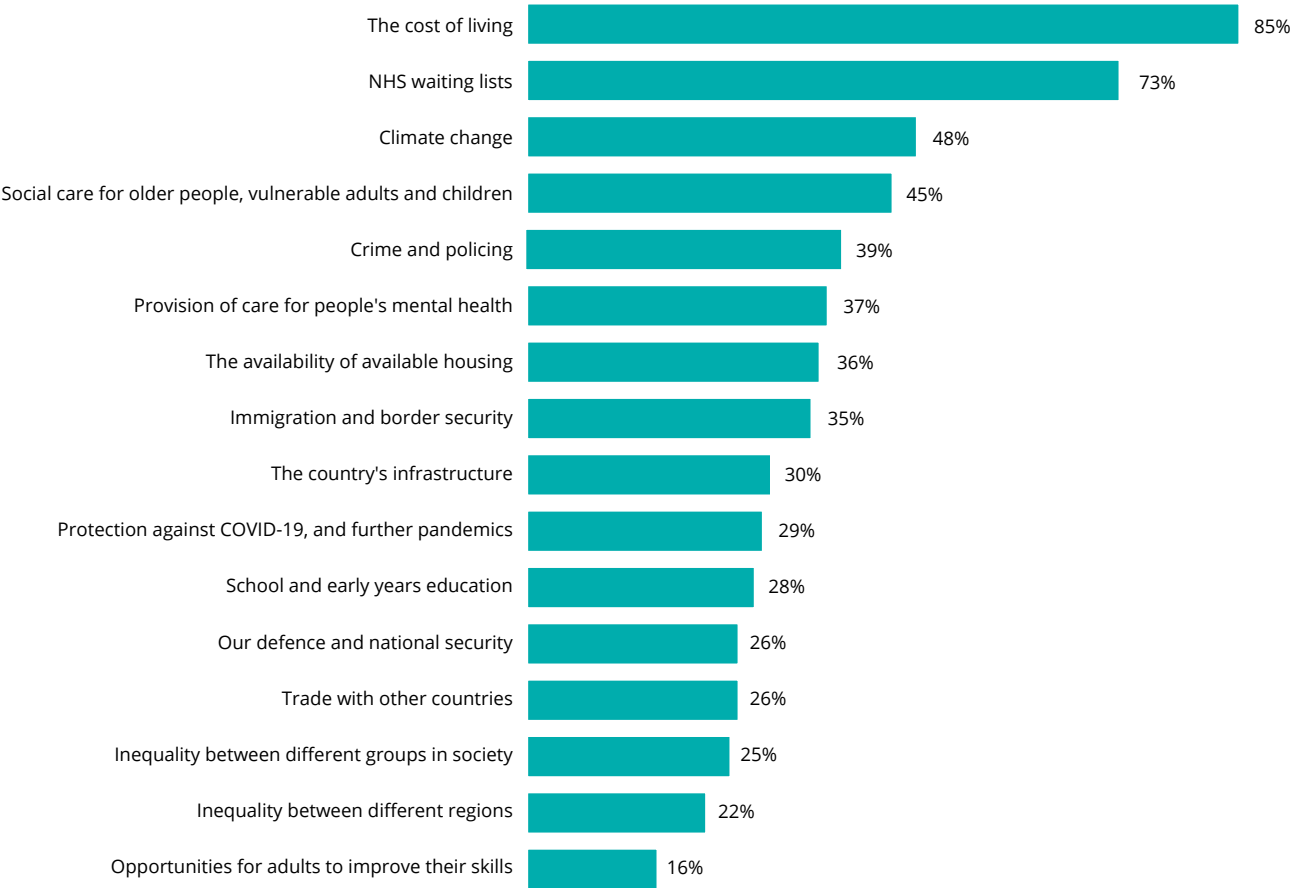


Base: 5,813 Online UK adults 16-75.

Wales

In common with the rest of the UK, the Welsh public want their government to prioritise the cost of living crisis and NHS waiting lists. They also placed climate change as third on the list of priorities. However, respondents in Wales are less likely to say that crime is a priority than those in England, with 39 per cent mentioning it compared to 46 per cent in England.

Which of the following issues, if any, do you think should be the top priorities for improvement in the UK over the next few years or so?



Base: 659 Online Wales adults 16-75.

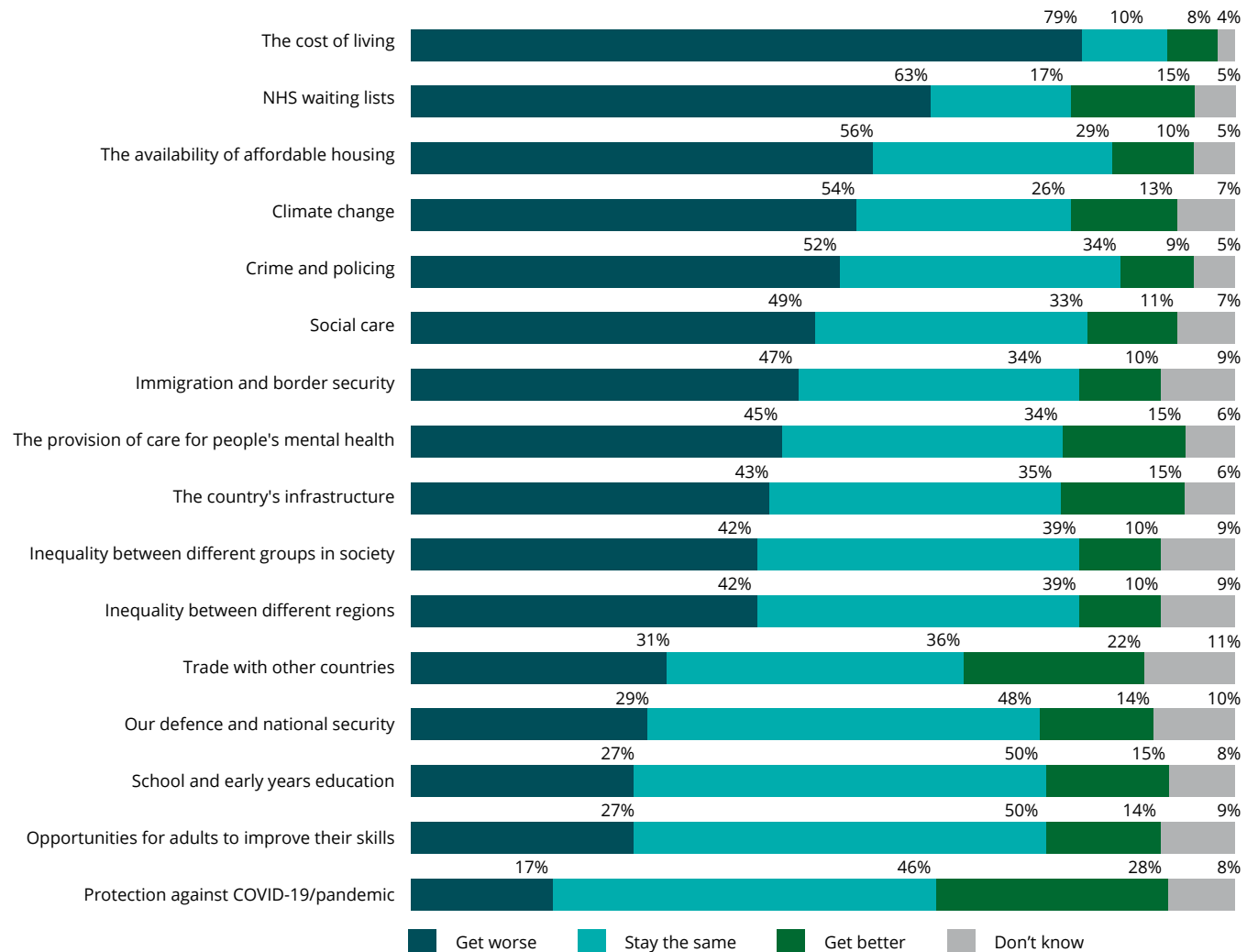
Wales

Levels of optimism for the future are as limited in Wales as the rest of the UK, with the majority of the public believing that key elements of public life are unlikely to improve. More than three-quarters of the Welsh public think that the cost of living is set to get worse.

However, two glimmers of optimism stand out. More people believe that the country's protection against COVID is going to get better than worse, and around one in five believe that trading relationships with other countries is set to get better.

Across most of these areas, covered in the lower half of the chart, more of the public believe the issue will stay the same or get better rather than get worse. That includes school education, skills and defence.

Thinking about the next few years or so, do you think that each of the following will get better, get worse or stay about the same in the UK?



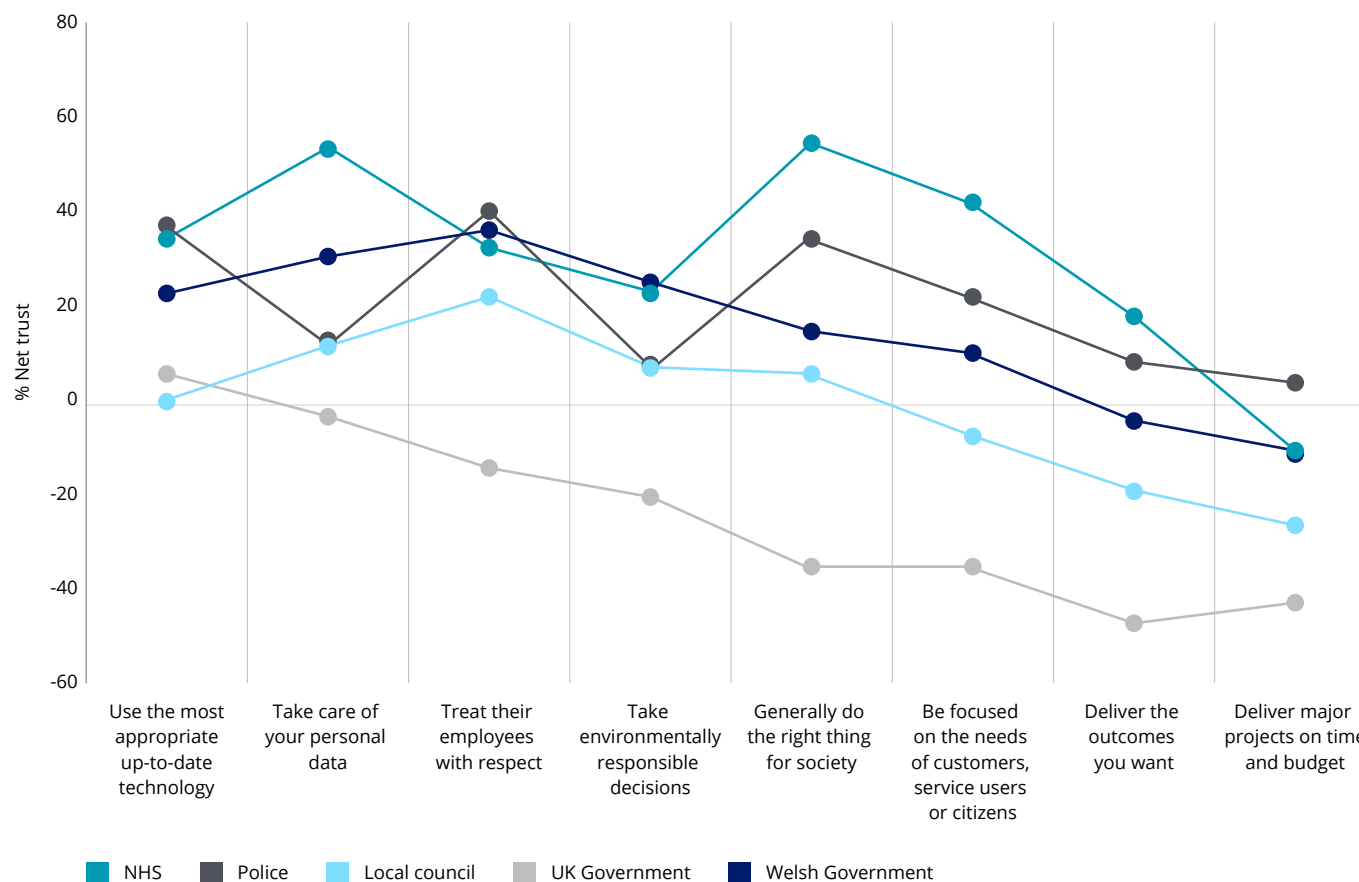
Base: 659 Online Wales adults 16-75.

Wales

Our *State of the State* survey explored levels of trust and found that the Welsh Government is on some measures the most trusted of the UK's central government administrations. That could well be driven by a sense of national identity but it is also likely to reflect perceptions about the Welsh Government's handling of the COVID pandemic.

Confidence in local services is as buoyant in Wales as the rest of the UK, but in common with other nations, the Welsh public appear to lack confidence in the public sector's ability to deliver projects on time and to budget.

To what extent, if at all, do you trust...to...?



Figures shown are % net trust (great deal/fair amount minus not very much/not at all).

Base: 659 Online Wales adults 16-75.

Wales

Key officials in Wales told us about a public sector that pulled together during the pandemic and continues to do so as it faces the cost of living crisis. Interviewees in Wales are rightly proud of their COVID responses since 2020, and shared their view that Welsh public services have been left more collegiate by the experience than in other parts of the UK.

One council chief executive praised the Welsh Government's decision to operate through and with local government in its response, suggesting that it has left a 'greater proximity' in the central-local dynamic.

However, they also told us that Wales faces the same challenges in health and social care as the rest of the UK, and not least NHS waiting lists. Every interviewee was clear that government needs to tackle long-term issues in the health system as well as taking remedial measures. The state of the social care workforce came up repeatedly as a major concern, as low wages are failing to attract a sufficiently sustainable workforce.

As the Welsh Government drives more of its own policy agenda, interviewees told us that it needs to work in greater harmony with businesses, the third sector and communities themselves to make sure that lived experience is central to policymaking.

Our interviewees in Wales were particularly passionate about the need for fundamental reform. They argued that incremental changes to funding and structures in public services are no longer sufficient to deal with the scale of their challenges.

“ We now find ourselves in a different place. We're in a very different world. Every public service needs to go through some reformation to understand how it needs to succeed.

COUNCIL CHIEF EXECUTIVE

“ Social care problems will get pushed to one side and it will take a disaster before Government sits up and takes it seriously.

SOCIAL CARE LEADER

“ We need to get lived experience, people from these groups, and communities...they need to be partners in their own regeneration.

PARLIAMENTARIAN

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