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**REFORM**



## The State of the State 2024

By the people who use it and the people who run it



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## Methodology

*The State of the State* blends two forms of research to provide a view of the state from the people who depend on it and the people who run it.

To understand public attitudes, Deloitte and Reform commissioned Ipsos UK to conduct an online survey of 5,815 UK adults aged 16-75 between 27 October and 1 November 2023. 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 821 responses were achieved in Scotland, 713 in Wales and 420 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 questions which require multiple answers to be chosen.

To bring a strategic perspective, our qualitative research comprises interviews with more than 100 leaders in government and public services, which is double the number from last year. They include permanent secretaries and other senior civil servants, police chief constables, council chief executives, NHS leaders and elected representatives. The interviews took place between September and December 2023.

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



# Introduction

Since its launch in 2012, *The State of the State* has commented on a decade of disruption for the UK's governments and public services. From austerity to COVID to the cost of living crisis, the public sector has battled through some relentlessly tough years with resilience and purpose.

Those years have left a difficult legacy. This edition of *State of the State* finds the public sector grappling with the accumulated impact of those challenges as well as the reduced spending power, increases in demand and workforce challenges that came with them. It finds public concern still high around the cost of living crisis – but starting to abate – and concerns growing around NHS waiting lists, immigration and the country's infrastructure. It finds optimism in the public sector: officials told us they hope the coming years will see a post-crises era in which they can give more attention to the longer-term.

This year's *State of the State* takes a special look at the road to net zero. As the scale of that journey comes into clearer focus – as COP28 showed – governments around the world are feeling the first bumps on the road. Here in the UK, our survey points to a pressing need for government to engage the public in what net zero means for them and what they need to do to help save the planet.

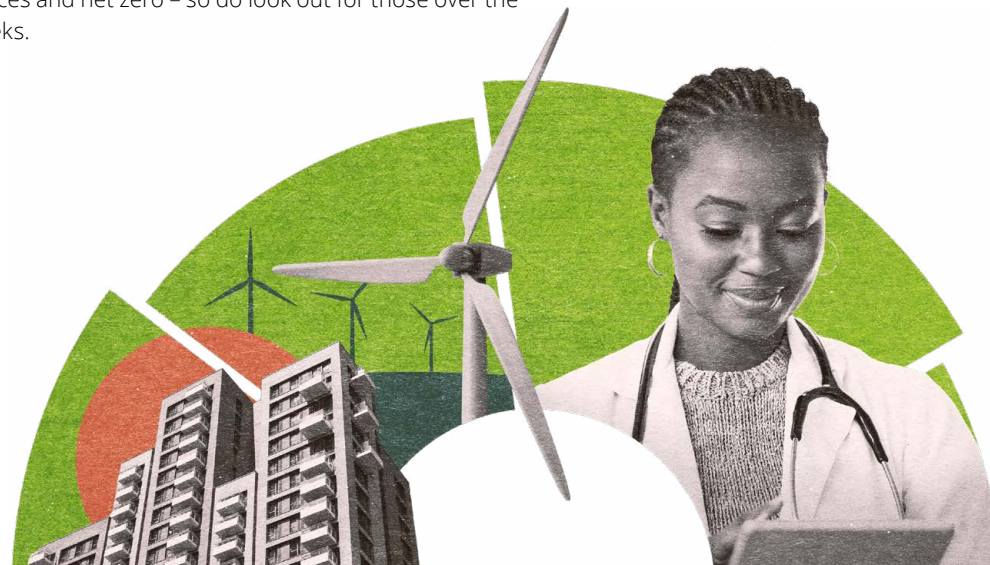
We are following this UK-wide view with standalone reports on Scotland, Wales and Northern Ireland as well as articles on public services and net zero – so do look out for those over the coming weeks.



**Jayson Hadley**  
UK Government & Public  
Services Lead  
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**Charlotte Pickles**  
Director  
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# Executive summary

*The State of the State* provides a view of the public sector from the people who use it and the people who run it. The report blends two forms of research by bringing together a survey of the UK public alongside interviews with government leaders.

Our survey, conducted by Ipsos UK, polled 5,815 UK adults about their attitudes to government and public services. We also interviewed more than 100 public sector leaders including permanent secretaries and other senior civil servants, police chief constables, council chief executives, university vice chancellors and NHS leaders, in all nations of the UK.

The key findings from our survey and interviews are:



## **The public expects big government to continue – but could be in for a shock.**

Our survey found 59 per cent of the public think government spending will stay at current levels or go up in the years ahead. However, our interviews found many public sector leaders anticipate spending restraint or cuts in the next Parliament due to the state of the public finances.



## **Immigration, infrastructure and NHS waiting lists have grown as public concerns.**

Our poll of public priorities has seen NHS waiting lists and the state of the country's infrastructure rise by seven percentage points each over the last year. Concerns about immigration have gone up six percentage points, putting it level with climate change as a public priority.



## **Government needs to prioritise so its aspirations match its resources.**

Officials across the public sector told us that government needs to prioritise in line with the resources it has available. After years of tactical responses to external events such as the COVID pandemic and cost of living crisis, many public sector leaders hope to see a sector-wide, long-term strategy that is grounded in the reality of the public finances.



## **People want public services they can access and complain to when things go wrong – they are less interested in how services are organised.**

Our poll explored peoples' experiences of public services and found their top priorities for improvement were speed of access and accountability. They are far

less interested in how services are organised and do not appear to be demanding more choice.



## **Digital maturity comes with mature digital problems.**

As the public sector continues its digital transformation, leaders told us that improving data architecture will be critical for future progress. Several argued that more directive leadership from the centre may also be needed to accelerate change in public services.



## **A 'decluttering' for business and continued investment in skills could support economic growth.**

Leaders across the sector told us that the interface between business and government needs simplifying so businesses can better understand the support available to them. Many added that recent investment in further education has been welcome – but it needs to grow as part of a wider package including a joined-up education and skills strategy with lifelong learning and employability at its core.



## **The power of procurement is coming of age.**

Leaders see the new Procurement Act in England, Wales and Northern Ireland as a huge opportunity for the public sector to drive up value for taxpayers' money and become more entrepreneurial in its work with suppliers. There is also significant enthusiasm for the sector to generate greater social value from its spending power.



## Conclusion: lessons for the state from within

Our interviews with 100 public sector leaders surfaced their own lessons for the state, from within. Collectively, the interviews point to these five recommendations:

- 1. Eliminate institutional drags on productivity.**  
Boosting productivity within the public sector should start with addressing ways of working inherent in the sector that drag it down. That means greater prioritisation, longer-term funding arrangements and spending plans that focus on outcomes. Leaders can also influence productivity gains by the tone and expectations they set.
- 2. Reset the system to end crisis mode.**  
Much of the public sector has spent years delivering tactical responses to successive disruptions from external forces. As such, the public sector needs to reset for greater resilience, longer-term thinking and a joined-up, sector-wide plan for the future.
- 3. Make delivery the north star for reform.**  
Officials believe the sector's accountability, scrutiny and risk environment make getting things done – whether major projects or business-as-usual – harder than it should be. Future government reforms should therefore emphasise delivery as central to government's purpose.

- 4. Don't let up on digital transformation.**  
Public sector leaders told us they need to resolve the new issues in digital transformation that come with the UK public sector's increasing digital maturity. They include bringing the quality of data and its architecture in line with the quality of user experience and continuing to resolve legacy issues.
- 5. Seize the potential of procurement.**  
Many public sector leaders told us that the Procurement Act 2023 in England, Wales and Northern Ireland has opened up new potential for procurement to boost value for taxpayer's money and improve partnership working with suppliers large and small. They told us they want to continue the drive towards generating social value through contracts. Seizing that potential will require bold new ways of working, a mature approach to risk and real ambition in the sector's procurement and commercial functions – plus the leadership to make it happen.

The *State of the State 2024* concludes that public sector leaders want government to 'reset' the system and put years of crises and tactical responses behind them. Ultimately, officials across government and public services want the sector to adapt to its challenges by prioritising more deliberately, while becoming more long-term and more delivery orientated.

A 'CTRL+ALT+DEL' reset would enable the sector to think in terms of:

- CTRL** Better **control** of outcomes by emphasising the importance of delivery.
- ALT** Boosting productivity by exploring **alternative** ways of working.
- DEL** Prioritising what government does to **delete** lower-impact activities.



## This year's *State of the State* takes a special look at net zero.

Our key findings are:



### **Government is feeling the first bumps on the road to net zero.**

Officials told us that last autumn's change of net zero milestones was a 'recalibration' of plans rather than a change of end goal. Looking forward, some argued that government needs to be more joined up across Whitehall. While the Department of Energy Security and Net Zero has brought together government's expertise, it's not responsible for relevant policy areas such as the environment and so cross-government working remains vital.



### **The public are not confident the UK will meet its net zero deadline.**

Seven out of ten citizens are not confident that the UK will meet its 2050 net zero target, although younger people have a little more faith.



### **Many people believe net zero is someone else's problem.**

Our polling asked people what actions would have the biggest impact on emissions. They say that switching energy use away from fossil fuels and regulating business are the most important actions but changes to their lifestyles are much lower down the list.



### **Few people expect to make profound lifestyle changes to live sustainably.**

Our survey asked the public what they should do to make their lives more sustainable, and the most popular answer was to recycle more. We then asked what they were going to do in the years ahead, and again the most popular answer was to recycle more. Significant lifestyle changes such as flying less, buying an electric car or even sticking to seasonal produce were much lower down the list – which suggests the public are yet to understand the personal changes they will need to make.



### **Net zero will come at a price and private finance will be key.**

Our interviews found many officials acknowledging the significant cost of the transition to net zero – not least to modernise their estates – and calling for greater clarity on how it will be funded. Others argued that government needs to understand and engage with private investors to attract the capital needed for green infrastructure.



### **Procurement and supply chain management are key to greening the public sector.**

Public sector leaders told us that most of their emissions are in their supply chains, making them critical to the net zero transition.



### **The skills system needs to reach a tipping point to go green.**

Our interviews heard from leaders in further education who recognised the transition to a greener economy will require reskilling and upskilling. They argued that the skills system needs to be pushed to a tipping point of demand before it gears up to deliver, much like digital skills in the 1990s.



### **Saving the planet is more than net zero.**

Our survey and our interviews with public sector leaders suggest the net zero target has unintentionally focused attention on emissions – but government needs to encourage a broader shift towards more sustainable lifestyles and more environmentally conscious public policy.



## Conclusion: five lessons on net zero for the state, from within

Our interviews with 100 public sector leaders surfaced their own lessons from within the sector for the road to net zero. Collectively, the interviews point to five recommendations:

### 1. Engage the public for the long haul.

The public has a crucial role to play in delivering net zero and needs to understand the implications and expectations on households. To do that, government needs to establish a multi-decade, national communications plan to engage the public, encourage behaviour change and prepare them for the road to net zero.

### 2. Position net zero as a sector-wide priority and central to business-critical decisions.

Leaders told us that net zero needs to be more joined-up across the sector and more embedded in government. That suggests net zero should be positioned as central to the design of business-critical programmes so that all major decisions include both sustainability and effectiveness. It could also mean a pan-sector view of issues like fleet transition that would allow for a whole-system view, prioritisation and clarity.

### 3. Lay out a roadmap with long-term funding and financing plans.

Across the sector, leaders told us they want clarity on funding for net zero. As some argued, government should set out a multi-decade plan with detailed funding and financing arrangements that would provide clarity for the public sector and build confidence for private investors. A long-term plan could be reviewed at regular intervals and adjusted as required.

### 4. Drive net zero through the supply chain.

Given that a substantial amount of emissions are in supply chains, the public sector will need to invest in supply chain management, procurement, contract management and other commercial activities to drive change. Importantly, procurement could secure additional social value by leveraging public spending so suppliers play a clearer role in the net zero transition.

### 5. Support green skills through market intervention.

Further education leaders told us that green skills need to reach a 'tipping point' of supply and demand. Government could accelerate that by scaling up its investment in the skills market, enabling combined and local authorities to bring education providers, businesses and trades together to define the skills needed and fund professionals through their training.





An aerial, high-angle photograph of a group of people walking on a bright red carpet. The people are dressed in casual to semi-formal attire, including jackets, sweaters, and trousers. They are scattered across the frame, moving in various directions. The red carpet has a fine, woven texture. The overall scene suggests a public event or a media-covered occasion.

# The public's view of the public sector



# The public's view of the public sector

Our annual *State of the State* survey, delivered by Ipsos UK, tests the public mood on government and public services. This year, it sees the public split on whether they want higher government spending or lower taxes but finds consensus around priorities for public sector improvement. And perhaps inevitably, after some difficult years for the UK, the survey finds the public largely pessimistic about what government can change – but with some optimism for the future.

This section of *The State of the State* sets out the findings from our latest survey.

## Key takeaways

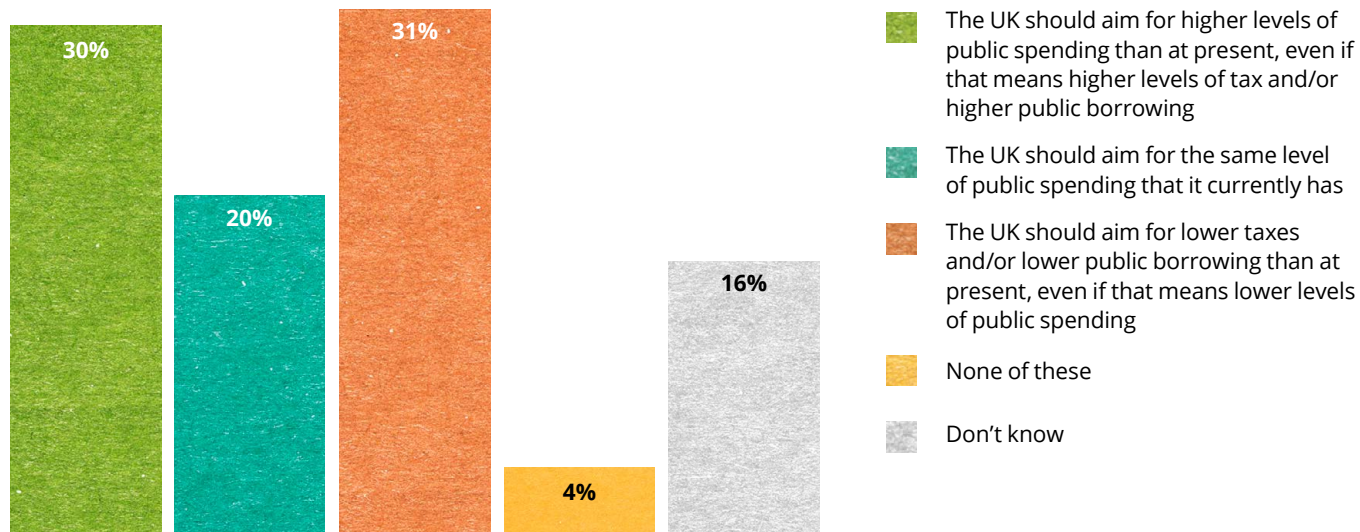
- The public is evenly split on whether they want higher government spending or lower taxes – although younger people are more likely to want lower taxes.
- Whatever the public's preference for tax and spending, people expect big government to continue with spending remaining at current levels or going up in the years ahead.
- Since the last *State of the State* survey in 2022, public concerns have grown around NHS waiting lists, immigration and the country's infrastructure – although the cost of living remains the top issue.
- Public pessimism has abated significantly around the cost of living with a drop of 19 percentage points among those expecting it to get worse.
- Trust in the public sector continues to drift down and is especially low when it comes to government's ability to deliver the right outcomes or major projects.

# The public is split on the right balance of tax and spending

Our survey found the UK public split on their attitudes to tax and spending.

As the chart below shows, one in three say the UK should aim for lower taxes and lower public spending, while virtually the same proportion would favour higher taxes to fund higher public spending.

**Q: 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?**



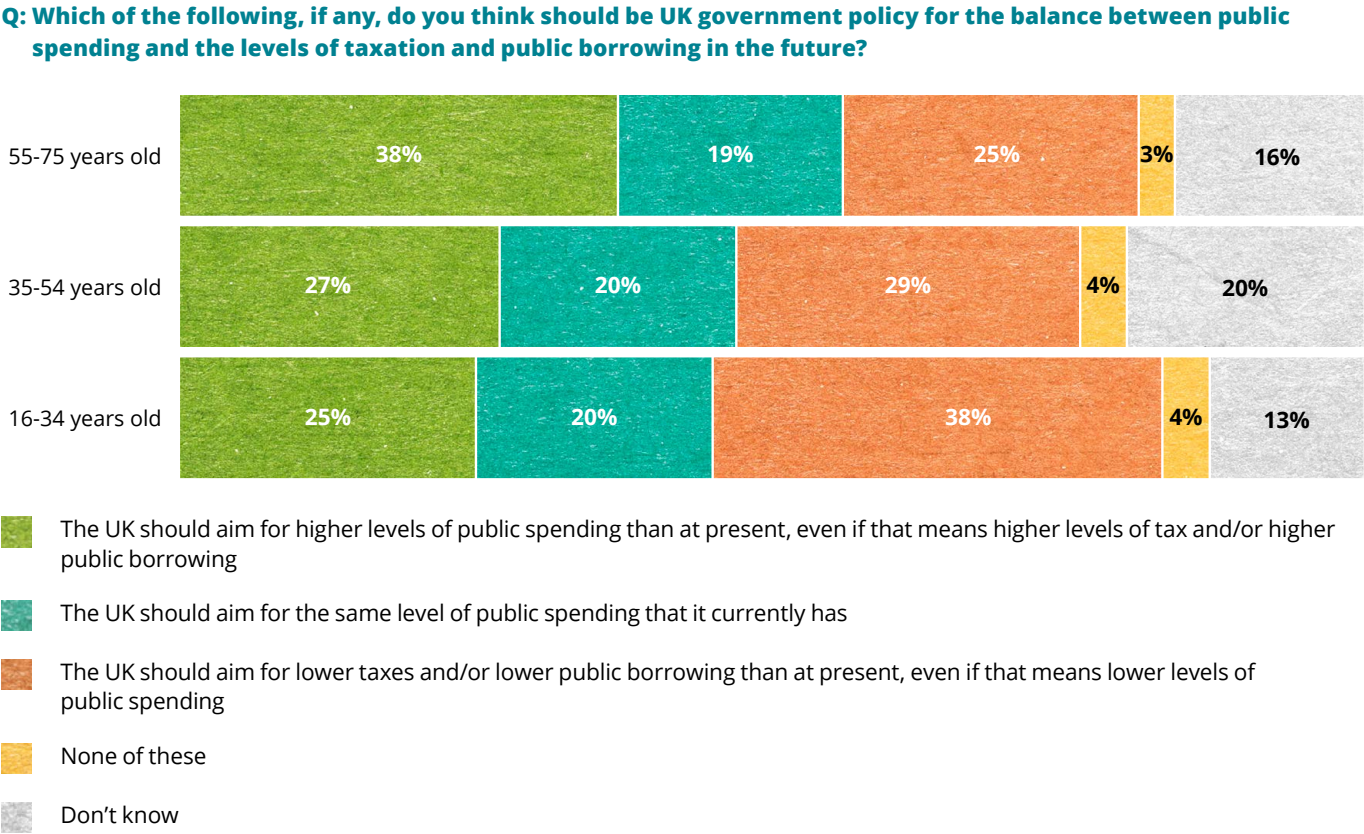
Base: 5,815 Online UK adults 16-75





Digging into this data, there are some notable differences of opinion by age.

Our survey found younger people are more likely to favour lower taxes while older people are more likely to favour higher spending. While this bucks historical trends in which older people tend to favour lower taxes, it's consistent with older people being more dependent on public services, while younger people are instead feeling the impact of suppressed wages and high rents.



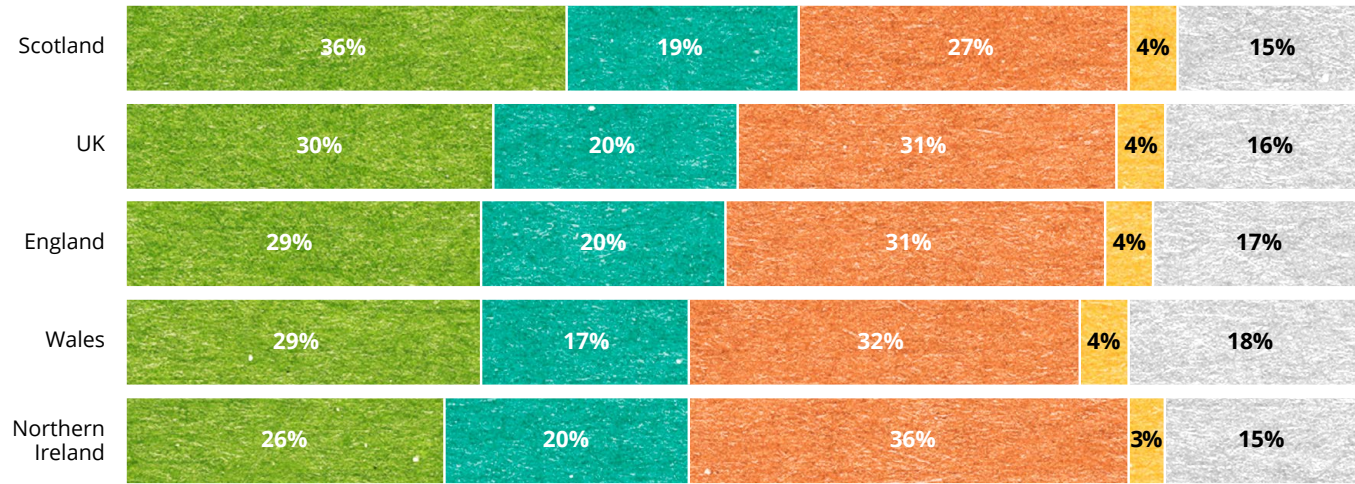
Base: 5,815 Online UK adults 16-75



## There are also significant differences by nation of the UK.

Scotland stands out as the one nation that would prefer to see higher levels of spending, even though it is already more highly taxed than the rest of the UK. In contrast, the people of Northern Ireland are more inclined towards lower taxes. This points to a substantial divergence of opinion within the UK.

**Q: 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?**



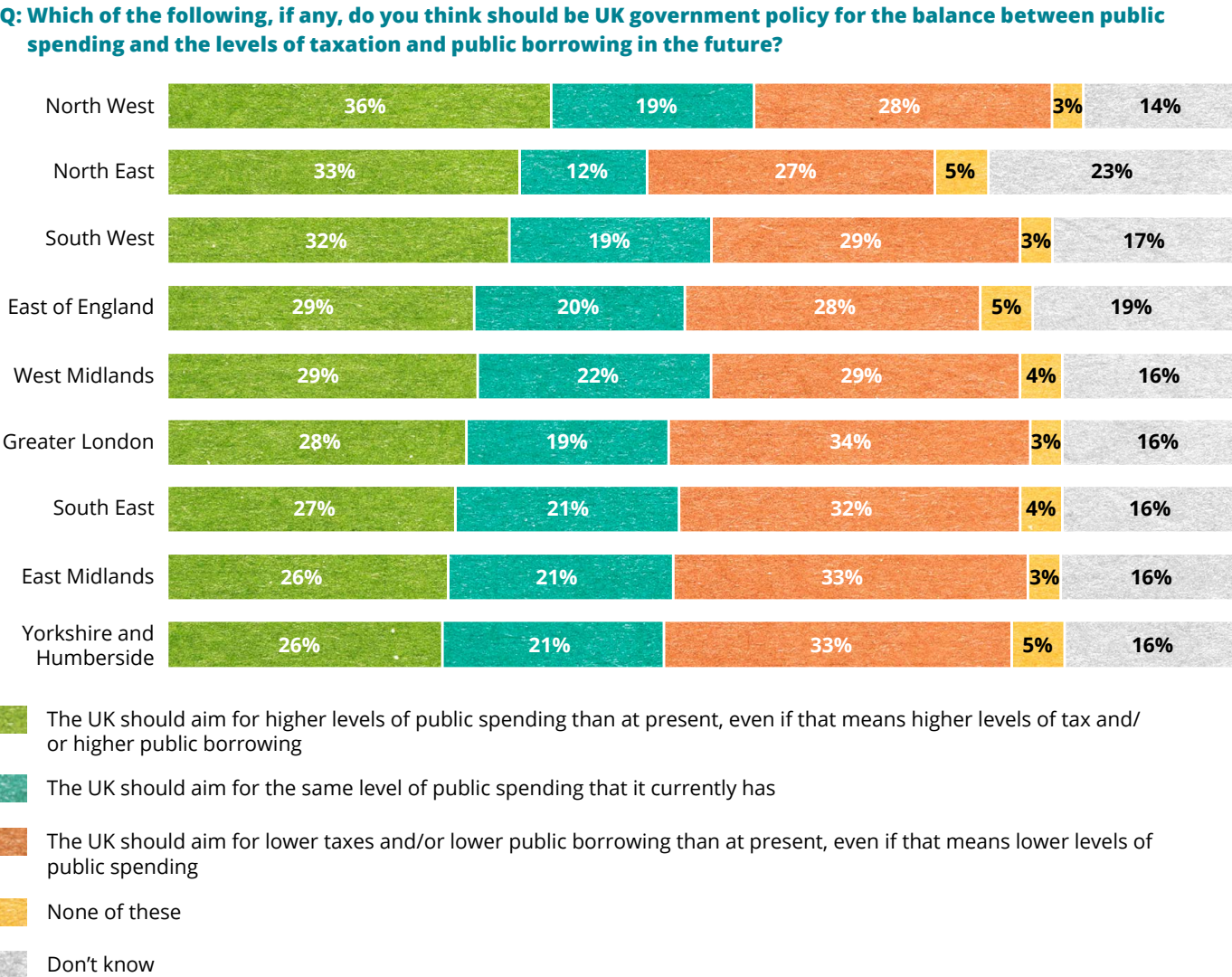
- The UK should aim for higher levels of public spending than at present, even if that means higher levels of tax and/or higher public borrowing
- The UK should aim for the same level of public spending that it currently has
- The UK should aim for lower taxes and/or lower public borrowing than at present, even if that means lower levels of public spending
- None of these
- Don't know

Base: 5,815 Online UK adults 16-75



# A difference of opinion is also apparent within England's regions.

As the chart shows, people in the North West are England's most likely to prefer higher tax and spending.



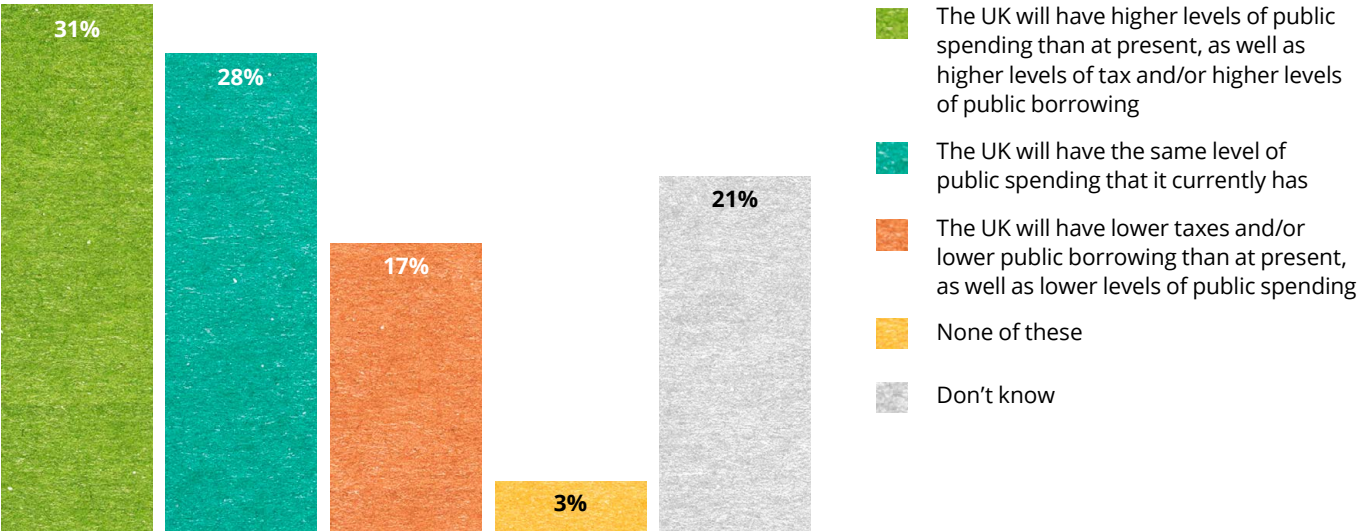
Base: 5,815 Online UK adults 16-75

# Whatever their preferences, the public expects big government to continue

Whatever the public *wants* to happen in the years ahead, it largely *expects* government spending to remain at current levels or go up.

As the chart shows, some 59 per cent believe that public spending is set to remain at the same level or go up, while just 17 per cent believe that tax and spending is going to go down. That's a shift since last year – the percentage of the public believing we are about to enter an era of lower taxes has dropped by nine percentage points since the 2022 survey.

**Q: And which of the following, if any, do you think will be UK government policy for the balance between public spending and tax and/or public borrowing in the future?**



Base: 5,815 Online UK adults 16-75



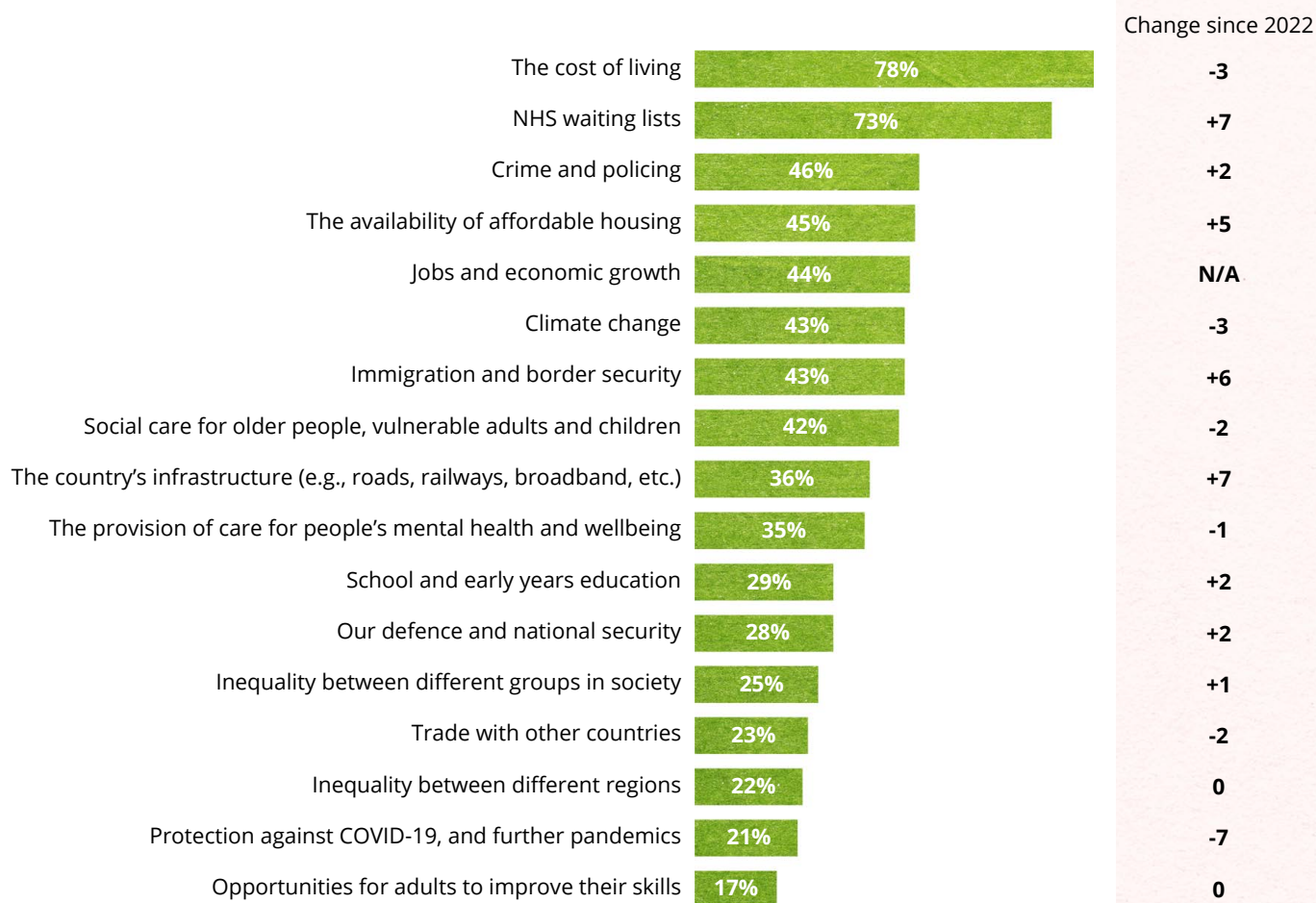
# Public concerns have grown around NHS waiting lists, immigration and infrastructure

Our survey asked the public to name their priorities for improvement in the UK.

For the second year running, the cost of living crisis is the public's top concern, mentioned by 78 per cent. Economic concerns remain significant – not only is it the top concern but concerns over jobs and the economy more broadly is the fifth highest priority, mentioned by 44 per cent.

The next biggest issue for the public is the NHS, where worries about waiting lists have grown from 66 per cent in 2022 to 73 per cent now. Other notable shifts since last year's *State of the State* are around immigration and the country's infrastructure. The percentage of the public who want to see improvements in how the UK controls its borders has risen in the past year from 37 per cent to 43 per cent, and the percentage concerned about our infrastructure has risen from 29 per cent to 36 per cent.

**Q: 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.

The top two priorities are consistent across the four nations on the UK, but underneath those, there are some significant differences.

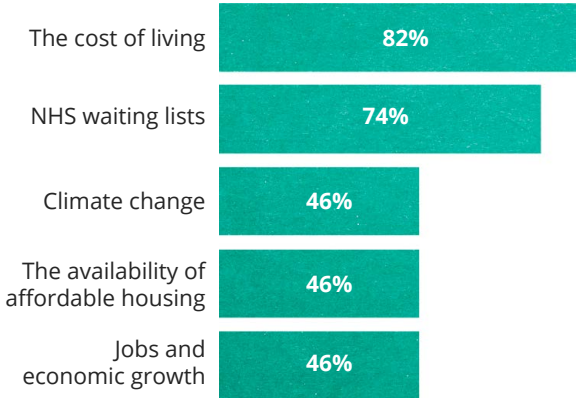
Most notable of all is that concerns around crime and immigration are significantly higher in England than the rest of the UK.

**Q: 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?**

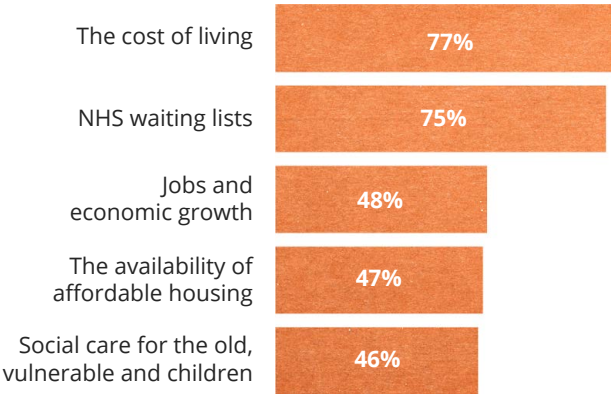
**England**



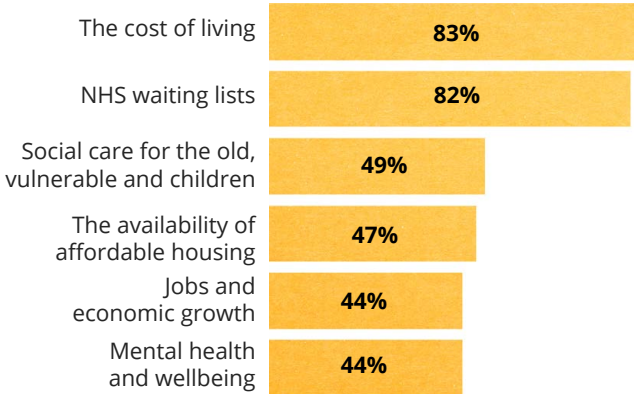
**Scotland**



**Wales**



**Northern Ireland**



Base: 5,815 Online UK adults 16-75



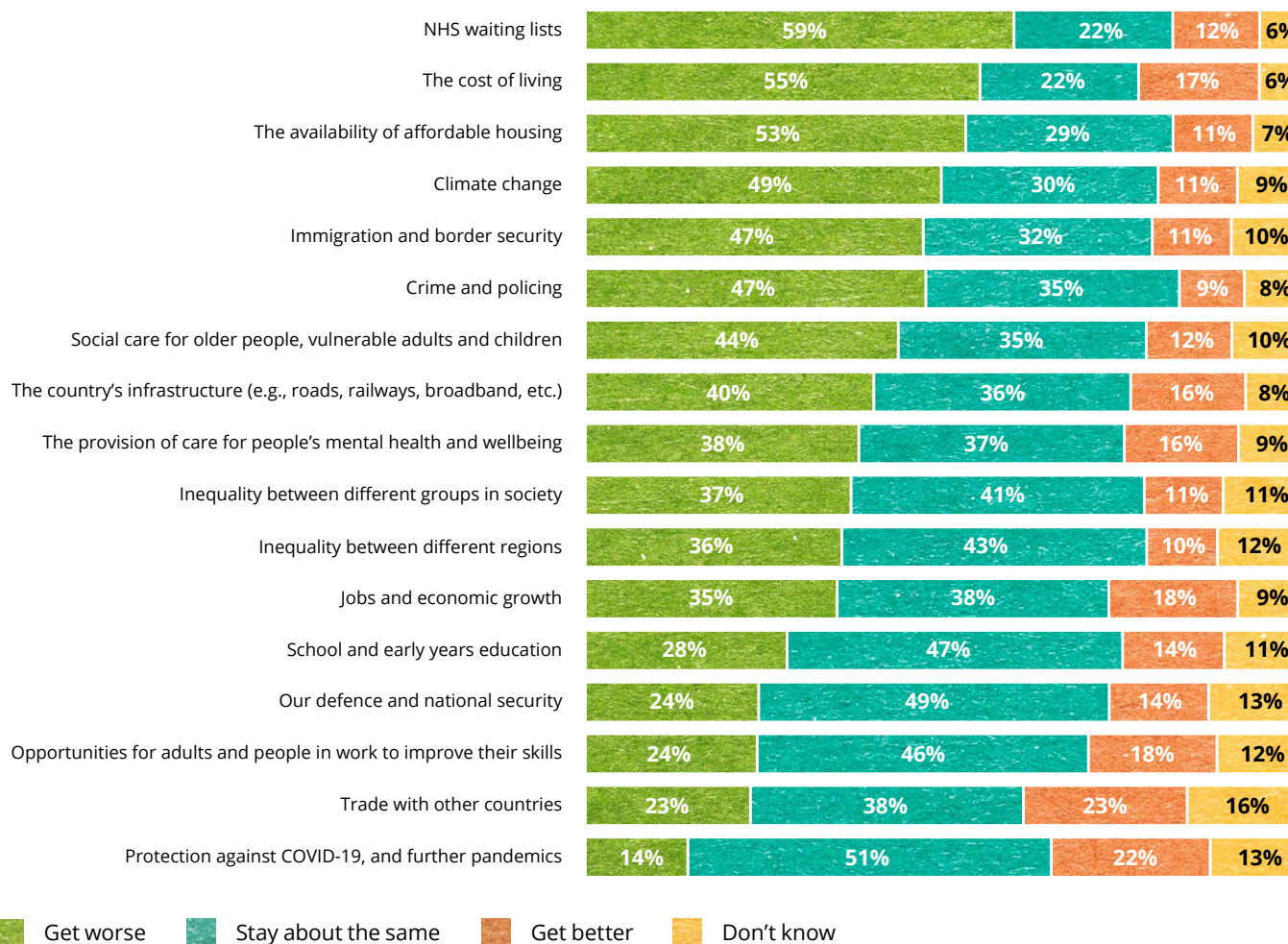
# Public pessimism has eased around the cost of living

Against this difficult backdrop, our survey asked the public what they expected to get better, worse or stay the same in the years ahead, and the chart to the right summarises their responses.

Perhaps inevitably after years of disruption, the UK public are in a pessimistic mood as they head towards the next general election. Some 59 per cent expect NHS waiting lists to get worse in the years ahead, 49 per cent expect climate change to get worse and 47 per cent think immigration will get worse.

However, there is some optimism – or at least reductions in pessimism. The percentage of the public who believe the cost of living crisis will get worse has dropped from 74 per cent last year to 55 per cent in our latest survey. It also finds modest reductions in pessimism this year for the future of adult skills, housing, social care and mental health provision.

**Q: The public are more pessimistic than optimistic about most policy areas over the next few years, especially about the NHS, cost of living and housing.**



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

There are some significant demographic differences in the UK's pessimism, including:

- Younger people aged 16-34, Londoners and ethnic minorities are more likely to be optimistic about regional inequality. Older people aged 55-75 and people in the North of England are more likely to be pessimistic.
- Younger people, ethnic minorities and people living in urban areas are more likely to be optimistic about the country's infrastructure getting better. Older people and those living in rural areas are more pessimistic than average.
- The most pessimistic about the cost of living getting worse are younger people, women and those earning less than £20k per year compared to higher earners.
- Pessimism about NHS waiting lists getting worse is highest among the oldest age group in the survey, the 65-75 year-olds, as well as women and white ethnic groups.
- Older people and those in social groups C2DE are more likely than the UK average to think crime and policing, as well as immigration, are set to get worse.



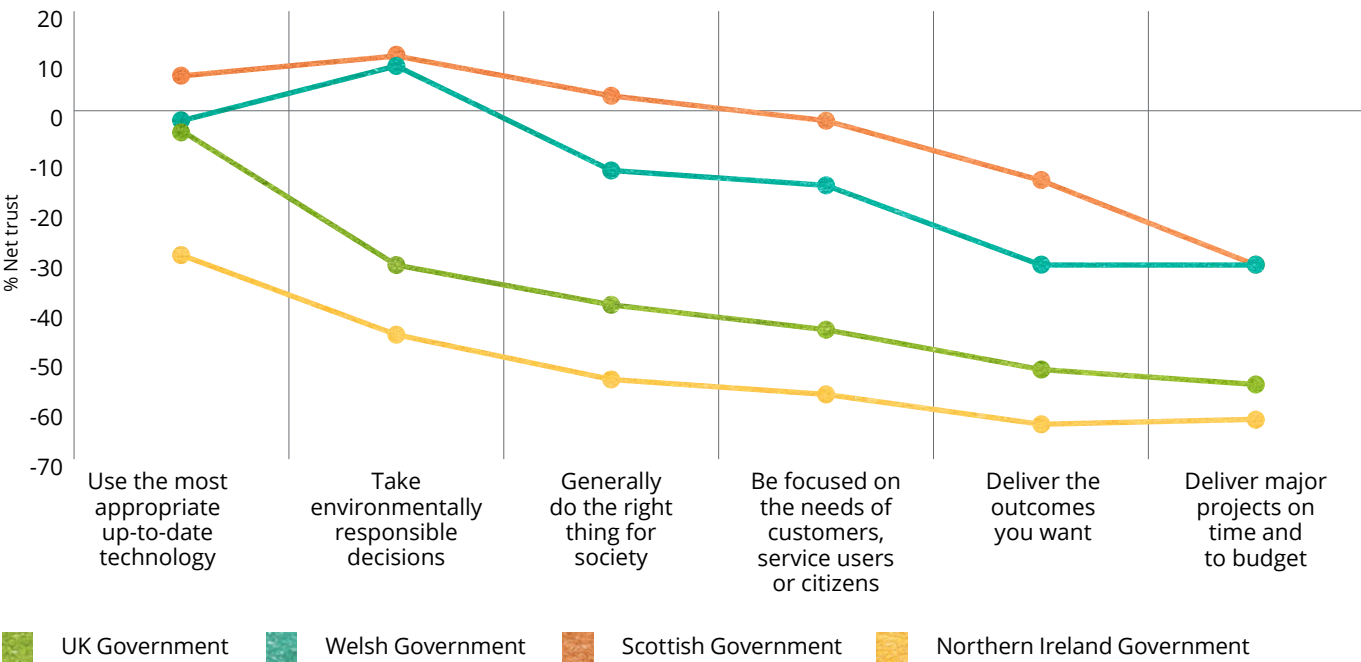


# Trust is drifting down – especially when it comes to delivery

Our *State of the State* survey finds overall trust in government continuing to decline. The chart below shows the latest levels of trust in the UK's central government administrations across six criteria. Across most of these factors, trust has dropped since our last survey.

It's notable that the lowest levels of trust are in government's ability to get things done, both in terms of delivering outcomes for the public and delivering major projects.

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

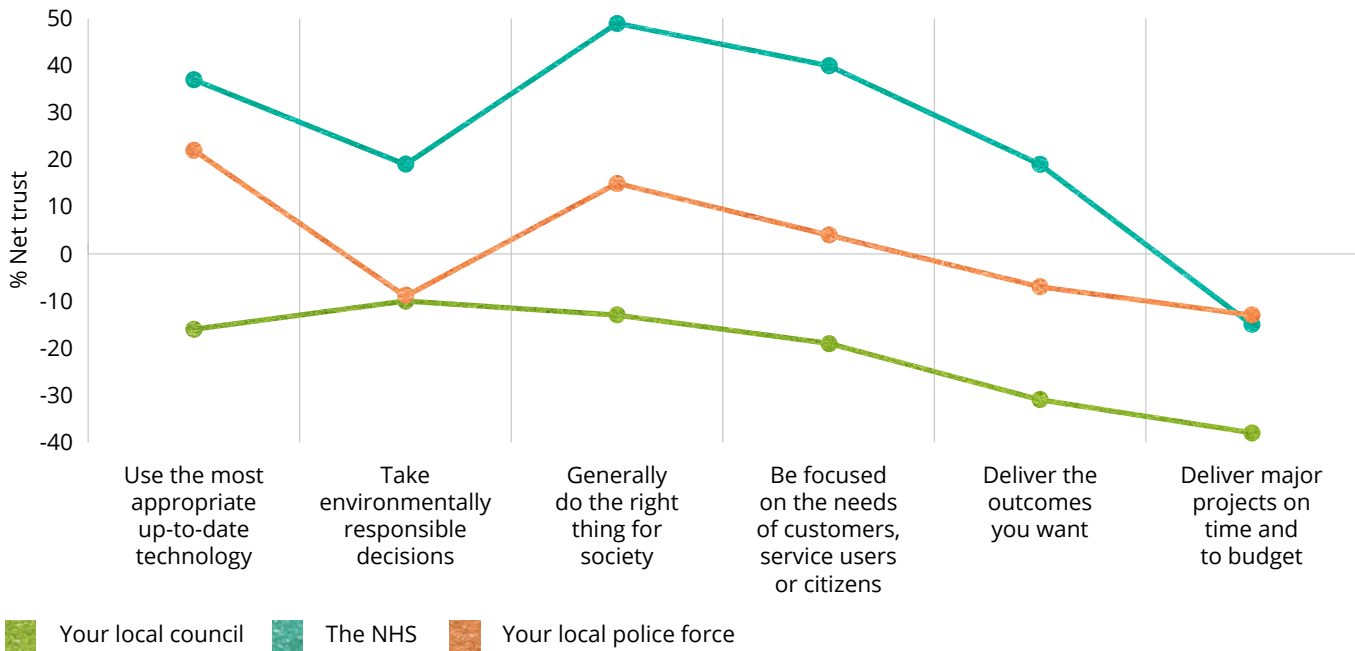


Base: 5,813 Online UK adults 16-75.

As this chart illustrates, the public trusts local services more – especially the NHS.

Trust in police forces is mixed and has reduced by an average of six percentage points for each factor. However, that drop is in line with the decline for other public services. Last year's survey found a double digit drop in trust in the police, so concerns appear to have decelerated. As with the results for central government, the lowest levels of public trust are around delivery.

Q: To what extent, if at all, do you trust Public Services to ...?



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





# People want services they can access and hold to account

Our survey explored the public’s own experience of public services and asked what they would most like to see improved.

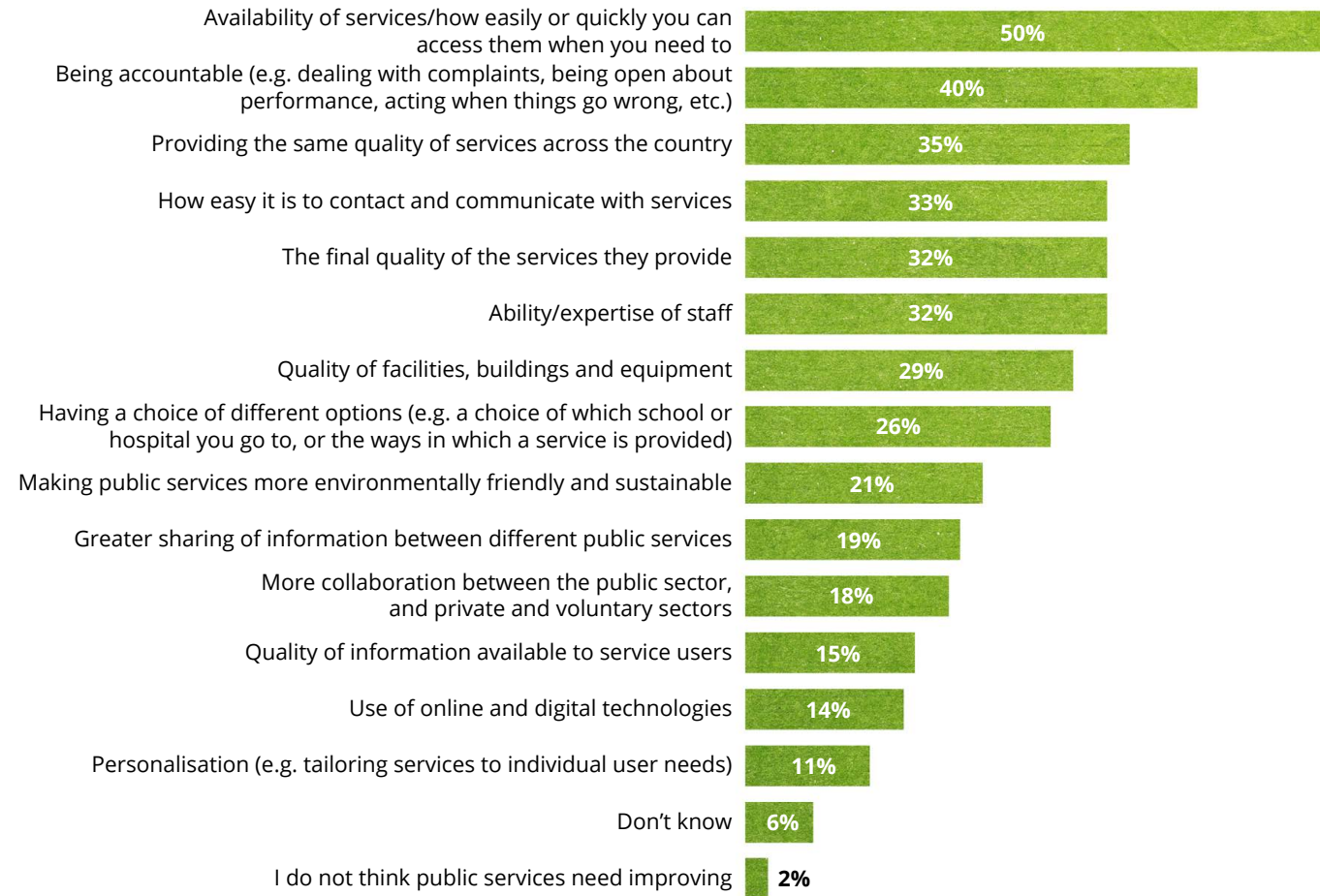
The chart to the right ranks their responses, which were consistent across all nations of the UK.

The top answer by some margin was ease and speed of access – people want services that respond and attend to their needs within a reasonable period of time. The second most popular answer was accountability, suggesting the public want services that hear feedback and address problems when things go wrong. The third response was that people expect services to be the same wherever they live, closely followed by ease of communications. The fifth most popular answer was jointly the quality of services and expertise of the staff.

There is a notable simplicity in these priorities: the public want decent quality services they can access when they need, contact easily and complain about when things go wrong.

In contrast, lower-ranking priorities include collaboration with the private or voluntary sectors, personalisation and data sharing between agencies. That suggests the public has limited interest in how public services are shaped and delivered – just the outcomes. Just one in four think a top priority for public services is to offer more choice, perhaps suggesting that services should prioritise basic quality for everyone above choice for the individual.

**Q: Thinking about your experiences of public services, which of the following, if any, do you think should be the top priorities for improvement over the next couple of years or so?**



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

Use of digital technology comes surprisingly low down the public priorities. Again, this suggests a benign lack of interest in how the public sector works rather than a rejection of technology. Digital would in fact be a vital part of driving all the elements that the public prioritise.

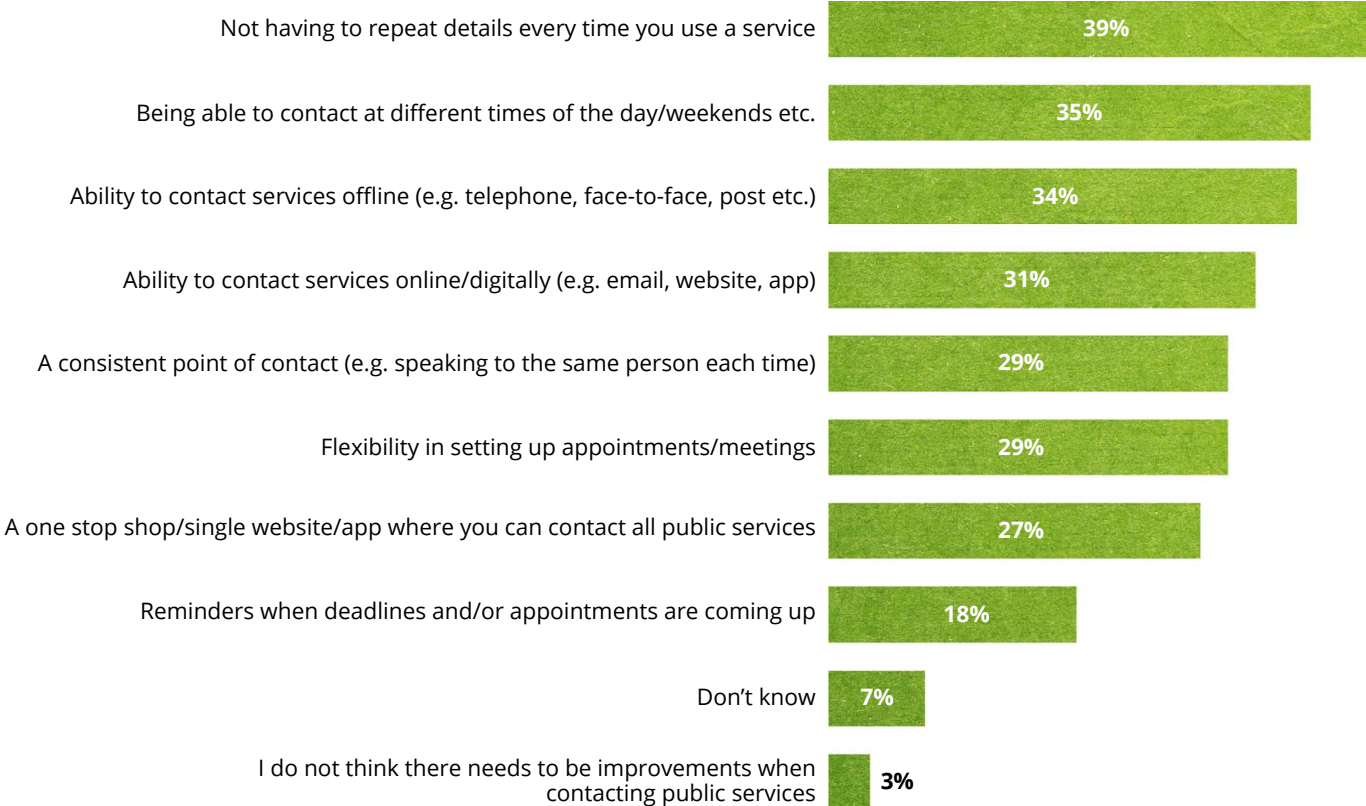
Digging into the data, the over 55s are more likely to want improvements than the 16-34 age groups, but younger people are more likely to mention the environmental impact of public services and their use of technology. By gender, women are more likely than men to prioritise ease of contact and choice.

Our survey asked the public to name its priorities for improving communications with public services. As the chart shows, their most popular request is that they don't have to repeat their details every time they use a service. Other popular answers, mentioned by more than a third of the public, were being able to contact services at different times of day and being able to contact services offline. Flexibilities around appointment times, consistent points of contact and deadline reminders come slightly lower down the order of priorities. These responses were consistent across the nations of the UK.

All of this points to the public wanting the same level of basic customer service they experience with much of the private sector, yet there appears to be an acceptance that the public sector may not be able to offer as many flexibilities.

While much of the sector is encouraging a shift to online channels, it is worth noting that some 34 per cent of the public said that contacting services offline – by telephone or face-to-face – needs improving.

**Q: And thinking about when you contact public services, which of the following, if any, do you think should be the top priorities for improvement over the next couple of years or so?**



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



# Across the nations and regions

The UK is a country of diverse nations and regions with some distinct differences of opinion around government and public services – and our map sets out some of the most notable differences in this year's *State of the State* survey:



## Scotland

Scottish Government is the UK's most trusted national administration by its own citizens, and the Scottish people are the UK's most likely to prefer higher taxes to fund higher public spending



## Northern Ireland

People in Northern Ireland are the UK's most likely to prefer lower taxes and lower spending, and are most concerned about the cost of living, NHS waiting lists and social care



## Wales

Trust in the Welsh Government by its citizens has fallen since our 2022 survey but remains higher than trust in the UK and Northern Ireland administrations



## North East

More concerned and pessimistic about regional inequalities than the UK average



## North West

More concerned and pessimistic about regional inequalities than the UK average



## Yorkshire and Humberside

More concerned about immigration and more pessimistic about regional inequalities than the UK average



## East Midlands

Attitudes consistent with UK averages across the board



## West Midlands

Attitudes consistent with UK averages across the board



## East of England

Slightly more concerned about defence but otherwise consistent with UK averages



## London

More concerned about social inequalities as well as crime than the UK average



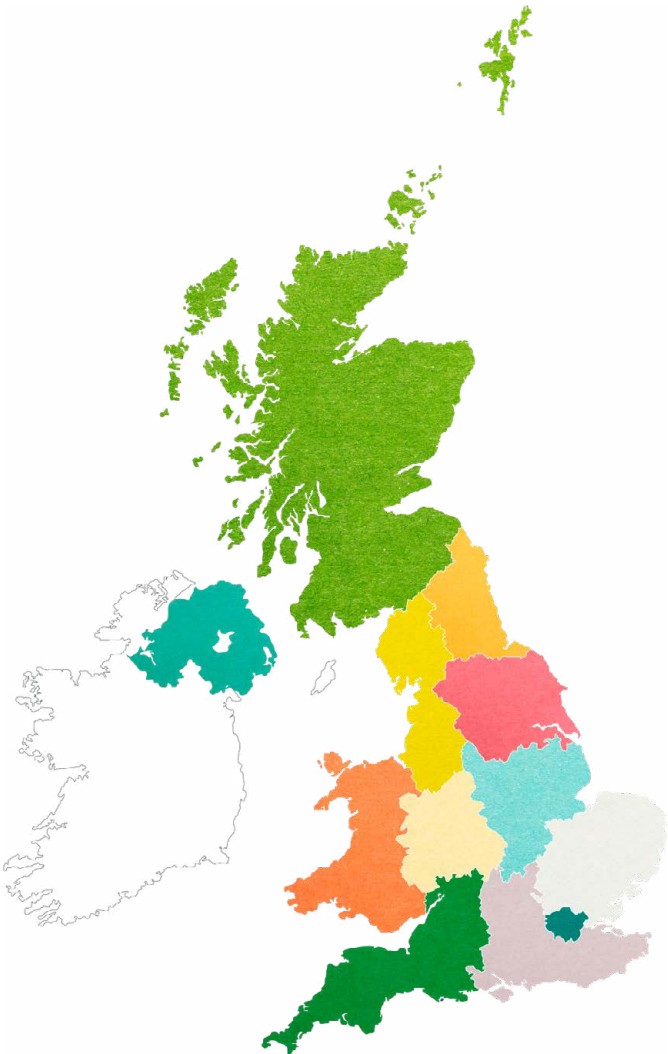
## South East

More concerned about affordable housing than average but the UK's most optimistic about trade with other countries



## South West

More concerned about the country's infrastructure than the UK average





# Insight from 100 public sector leaders





# Insight from 100 public sector leaders

This year, we interviewed 100 leaders to inform our *State of the State* research.

They told us that the successive challenges of recent years have left their services fragile, their workforces tired and their decision-making reactive. Against that difficult backdrop, they were all enormously proud of what their people continue to deliver. However, every leader we interviewed – without exception – was clear that the public sector needs to change in some fundamental ways. They told us that it tries to do more than the reality of its resources will allow, and reform is needed that will allow the sector to prioritise, work towards a collective vision and improve its ability to deliver.

This section of *The State of the State* sets out ten observations from our research interviews.

It's all about reform. When you look at how challenging things are in the world, we can't stay as we are, over-programmed with not enough money.

Senior Civil Servant



## Key takeaways

- Cumulative challenges have left the public sector in a perfect storm with NHS leaders saying that the health service is in the worst condition they have ever experienced.
- Government's aspirations have become larger than its resources and officials argue that it needs to prioritise or reform.
- Government's ability to deliver projects and major programmes continues to improve, but its fundamental design makes delivery an institutional issue.
- Leaders say that their people challenges are to improve public sector morale after years of crises, to help the workforce become more comfortable with change and to adjust to the expectations of new generations.
- The public sector's progress on digital transformation has introduced a new set of barriers to further change.
- Officials point to successes in Brexit implementation that had limited visibility and told us that specialisation and partnerships will be increasingly important in the UK's defence.
- After years of disruption and crises, public service leaders hope to see a sector-wide, long-term strategy for the public sector.
- Officials say that economic growth requires clarity and consistency for business and continued investment in adult skills.
- Leaders see the new Procurement Act as a huge opportunity for the public sector to drive up value for taxpayers' money, become more entrepreneurial in its work with suppliers and generate greater social value.



# Cumulative crises have left the public sector in a perfect storm

More than a decade of disruption has left many public services in varying degrees of financial distress and straining to deliver business as usual.

Leaders across government and public services told us that the cumulative impact of austerity measures in the wake of the global financial crisis, heightened citizen demand, demographic shifts, the COVID pandemic, workforce shortages, the cost of living and pay disputes have left their organisations under immense strain. Several described the situation as a 'perfect storm'.

In the NHS, multiple leaders told us the health service is in the worst state they have ever experienced. In local government, officials warned that social care waiting lists are in as much of a crisis as NHS lists, yet are less visible. Across public services, leaders told us they were selling buildings or dipping into reserves to pay for day-to-day service delivery.

I've never seen the NHS in such a bad state and I have worked in it for decades. And none of this is sudden.

NHS Non-Executive



We'll be making savings but we've already been selling off the estate to pay for things.

Policing Leader



We're raiding the rainy-day funds to pay for the here and now. People worry about a two-tier health service but we're already moving into that because people are paying private to get treatment if they can.

NHS Trust Director



Our main issue is cost pressure. Our income is up two per cent and our costs are up five to ten per cent and we've come off several years of austerity with massive backlogs. Add to that the growing demand and growing number of asks, and it's a perfect storm.

Justice Official



Quality is going downhill, risks are rising and people have to wait so long for care they may die before they get it. That's where we're headed.

Social Care Leader





# Government needs to match its aspirations to its resources – or reform

While our survey found the majority of the public expecting government spending to remain at current levels or go up, officials from across the sector told us they expect it to go down in the short to medium term. Interventions to battle the pandemic and the cost of living crisis have left the public finances in a challenged position and make spending increases unlikely in the next UK Parliament.

The overwhelming consensus among interviewees was that recent decades have seen government's aspirations – whatever the party in power – over-reaching the resources available to it. They argued that the state cannot continue overstretching its budgets and overpromising to its citizens – ultimately, government needs to start prioritising and making deliberate choices about what to do and not do. The only alternatives are reforms that make significant differences to productivity levels or see government act more as an orchestrator so it delivers more through private and voluntary sectors.

The other side of the equation on the public finances is we've had a sustained period of growth in the state and lost the art of prioritisation.

Whitehall Official

The public finances are in a state of flux – we've got 100 per cent of debt to GDP, the highest ever tax level and the largest state since the Second World War. Higher taxes or more debt to pay for more government is not going to happen.

Treasury Official

The money tree looks empty, and we're headed to a general election when a new government – of whatever colour – will reset government's priorities. The problem is there won't be the money to deliver them.

Senior Civil Servant

Government's problem is that it does too much. We don't get to stop doing things that aren't priorities, but they do slow down as we focus on delivering the government's uber-priorities like the Prime Minister's five pledges. Priorities are only added, never taken away.

Senior Civil Servant

The UK will eventually run out of money because of public sector pensions, social care, welfare and the NHS unless we go down the route of Norway and Sweden and tax people at 50 or 60 per cent, or we reform properly.

Senior Civil Servant

# Government's design makes delivery harder than it should be

Our survey found that public trust in government is lowest when it comes to its ability to get things done.

Across every layer of government and public services, the public has limited faith in the sector's ability to deliver – especially when it comes to major projects. This is of course influenced by media coverage and parliamentary scrutiny. It is worth recognising that government has made strides in the oversight and delivery of its major projects portfolio through the Infrastructure and Projects Authority (IPA), established in 2016.

That said, many leaders told us that delivery – and especially delivery of major projects – remains an issue for government, for reasons that go beyond skills but are inherent in the sector's culture, processes and governance. Ultimately, leaders told us that government needs to start thinking in terms of delivery so that it permeates its ways of working.

Our major projects are late and over-budget. I've revisited whether they will deliver the intended benefit in their original business cases and they're not even close – there was a total optimism bias.

Whitehall Official

If you look at major programmes in the private sector, they are just as bad or just as good as in the public sector. But the additional dynamic for government is the level of scrutiny and lack of authority. Sometimes it's death by consensus. The accountability isn't clear.

Senior Civil Servant

We have fantastic strategic ambition and lousy strategic delivery. We want to end child poverty – that's fantastic. Now show me the delivery plan. Government just doesn't think delivery.

Welsh Government Official

Some of our major programmes are just not deliverable.

Defence Leader

Hopefully the Treasury will end its relentless obsession with inputs and focus on how we deliver the outputs, and the investments we need to make in technology, skills, the workforce and place. That will be the challenge for the first half of the next Parliament.

Whitehall Official



# Leadership challenges range from ending the 'doom loop' to creating a culture at home with change

## Our interviews with public sector leaders found them consistently proud of their teams and what they deliver.

Many argued that debates around the sector inevitably focus on what needs fixing while ignoring its incredible successes, in both individual government programmes and in the daily delivery of public services.

Three areas of consensus emerged in our interviews when we discussed leadership. First, several senior people told us their primary leadership challenge is to end the 'doom loop' of focusing exclusively on the difficulties faced by their organisation and remind their workforce of just how much they achieve. Some added that negative comments about civil servants have created a demoralising atmosphere that is putting people off careers in the sector.

Second, some told us that today's challenge for public sector leaders is to create a culture of adaptability in which people are comfortable with ambiguity and change.

Third, many talked about a generational divide in which leaders can struggle to connect with the younger generation of employees who have different expectations of the workplace than their own.

Pay is an issue but the discourse about the blob, about checking whether people have come into the office, all that puts good people off.

Senior Civil Servant

Some younger employees have got an increased sense of entitlement where they think the employer must do everything for them. It's quite something.

Whitehall HR Director

Leadership now is about getting people comfortable with ambiguity.

Government Agency Chief Executive

We've got ourselves into a doomloop that doesn't recognise how well we're doing.

Senior Civil Servant

There's an increasing generational divide. Our leadership comes from a generation that's very different to the one they're leading.

Defence Leader

# Digital maturity comes with mature digital problems

The past decade has seen incredible progress in the public sector's use of digital technology.

The *State of the State* has commented on its evolving relationship with digital throughout that time, and this year our report finds that relationship continues to mature as part of government's mainstream thinking. However, with that maturity comes more mature challenges that surfaced in our research conversations.

Our interviews point to these eight current digital issues in the public sector:

- 1 Progress on legacy technology grinds on
- 2 The UK is great at digital but not so great at data
- 3 Recruiting people with digital skills remains a problem
- 4 Cost pressure is driving channel shift
- 5 GenAI sceptics do exist
- 6 Digital progress might require more directive leadership
- 7 Government has yet to realise its digital potential
- 8 Government's future is pro-active and pre-emptive



## 1. Progress on legacy technology grinds on

Government departments and public bodies across the sector continue to solve thorny legacy IT problems, which typically require substantial investment in the short term. But many organisations still have a long way to go to get their technology up to speed before they can start exploring the potential of Artificial Intelligence.

## 2. The UK is great at digital but not so great at data

Leaders well-sighted on digital told us that the UK Government and devolved administrations has delivered some world-leading digital user experiences. But to move forward, the public sector needs to get its data into better shape and more connected.

We were trawling eBay for obsolete parts for on-site servers until a couple of years ago. So we've come a long way on dealing with legacy IT.

Whitehall Official



We've spent 10 years concentrating on user experience, but our data architecture has barely changed – and that's what we're trying to work around at the moment.

Senior Civil Servant



### 3. Recruiting people with digital skills remains a problem

Central government pay scales struggle to match those in other sectors when it comes to digital skills. Leaders told us that new requirements for civil servants to be in the office for 60 per cent of the week will make Whitehall even less appealing to digital professionals.

### 4. Cost pressure is driving channel shift

Leaders told us that budget pressure is forcing significant decisions around digital interaction with the public. One senior figure explained that the public is increasingly routed to digital channels rather than telephone support as budgets no longer stretch to live operators.

### 5. GenAI sceptics do exist

The past year has seen considerable excitement around generative artificial intelligence, including its potential for government. However, several leaders we interviewed were yet to be convinced that the impact of GenAI will be quite as profound in the public sector as current debates suggest.

Pay, recruitment and retention for people working in digital is our big problem and it's not even competing with the private sector. People get more in councils than in the civil service, let alone Facebook. We're not even paying table stakes.

Digital Leader

People want channel choice that we can't afford to offer. We have to say 'sorry, we're not answering the phone anymore'. The thing about having no money is that it stiffens the resolve of ministers when it comes to channels.

Whitehall Official

On a scale of cynic to magic beans salesman, I'm a three when it comes to GenAI.

Digital Leader

Five years ago blockchain was going to change everything. Now it's Generative AI.

Government Agency Chief Executive



## 6. Digital progress might require more directive leadership

Last year, *The State of the State* reported on increasing calls for interoperability between systems in the public sector. This year, several leaders told us that will only be achieved if government is more directive across the sector to force convergence and drive change from the centre.

## 7. Government has yet to realise its existing digital potential

Government and public services have made strides in their use of digital, but the sector's leaders know that much more can be done, especially to make back offices more efficient. Interviewees in policing and criminal justice were particularly clear that digital technology – both existing and emerging – could make a huge difference to their procedures.

## 8. Government's future is pro-active and pre-emptive

Public sector leaders who are ambitious for digital told us about their vision for the future of government. They argued that a public sector with joined-up data, interoperable systems and a focus on the citizen should be able to pre-empt citizen needs with minimal input. Ultimately, that means different parts of the public sector coalescing around the individual, sharing data and automatically triggering actions.

Government needs to say that the public sector is going to do digital this way. They need to be brutal about it. That's how you get quality of delivery and the savings.

Welsh Government Agency Director

The future of digital is for government to be pro-active. Citizens shouldn't need to tell us they think they're eligible for child benefit, we should know. Government should be invisible.

Senior Civil Servant

How the Criminal Justice system works, that needs to change. The disclosure regime was designed when the material in a case was written statements and a VHS tape.

Chief Constable



# As Britain forges a new global identity, prioritisation and partnerships will be crucial

Post-Brexit, the UK Government launched its 'Global Britain' strategy to reposition the country on the world stage.

In our interviews, several officials told us their elements of EU exit implementation have been delivered successfully, with little public visibility given the scale of the transition.

In defence, interviewees told us that decisions around our military capability – in common with domestic public services – will need to be based on prioritisation. One senior official argued that the UK needs to build on its military strengths such as special forces, and position those within strategic alliances that pool capabilities. Another told us that the Integrated Review of defence, foreign policy and development would benefit from more focused monitoring of the overall change programme.

There are some legal frictions around the Windsor Framework, but otherwise our part of Brexit is done.

Government Agency Chief Executive

By the end of the Brexit transition, we'd replaced all EU digital services businesses need for trade with UK ones.

Trade Official

Our armed forces are too small and people are leaving because we're asking too much of them. We're at an irreducible minimum level of people.

Defence Leader

We've had growth in defence but it's unlikely to continue so we need to be ruthless in deciding what to prioritise in an increasingly challenging situation. We need to focus on what we do well, like special forces, and amplify our effect through that. And we need to think about how we fit with NATO when we think about the capabilities we need.

Government Agency Chief Executive

How is the Integrated Review going? That's a very good question. I'm not sure we're revisiting it as a collective.

Whitehall Official



# Higher education is Global Britain's gem – and more can be done to let it shine

## The UK has an international reputation for excellence in higher education and research.

Three UK universities consistently feature in the global top ten and around a dozen in the global top 100 league table, making the UK one of the world's best places to study and take part in leading-edge research. However, senior figures in education warned us that the sector's potential is effectively held back by policy disincentives.

University vice chancellors told us how they are incentivised to attract international students who pay the highest fees. The ongoing freeze in tuition fees for English students means that universities are effectively penalised for place-based strategies that attract local students, so some inevitably pursue international candidates. The funding landscape is further complicated as Scottish students do not pay fees. Senior figures argued that universities could do more to support regional growth if they were financially able to do so. One pointed out that tuition fees are inevitably associated with the cost of teaching, but universities also need to invest in their estates, digital infrastructure and wider operations.

Some vice chancellors shared international approaches that they urged the UK Government to consider. They included differentiation of fees that would allow universities to charge more for high-demand courses that typically lead to more lucrative careers. Others called for a rethink of UK league tables that use teacher-to-student ratios as a proxy for teaching quality – they argued that in a digital age, that ratio is no longer valid. Finally, some suggested that a stronger relationship between private capital and Higher Education would help to secure investment.

The number one issue is that the financial model for universities is not sustainable or fit for purpose. Fees have been frozen for a decade and the only thing keeping universities afloat is international student fees – and at the same time the government has a completely negative attitude towards international students.

Vice Chancellor

Regional universities take in local people who then go back into the local economy and that's part of being place-based and that's part of levelling up. But we would be rewarded more if we took international students.

Vice Chancellor

My plea to government is to recognise that higher education is one of our country's great strengths.

Vice Chancellor

# Leaders crave a shared, long-term strategy that aligns the public sector

The external disruptions of recent years have kept much of the public sector in 'reactive mode', according to our interviewees.

Rather than pursue longer-term strategies, government departments and public services have needed to focus on urgent, tactical responses. Looking ahead, public sector leaders told us they want government to set out a long-term vision for the sector.

Our interviews suggest two important elements of vision: that it needs to align the sector and it needs to allow for long-term progress. Many interviewees told us that departments and services are not sufficiently joined-up, missing huge opportunities for efficiencies, productivity gains and preventative measures. And many told us decades of that short-termism have exacerbated issues in our public services and economy. They point out that government does act in long term interests when it needs to – on the UK's nuclear deterrent for example – but that long-term thinking across the sector will require a cultural shift, a maturing of political debate and the right governance.

Government has become addicted to crises and it'll be hard to wean it off having one urgent topic.

Senior Civil Servant

Our political masters need to reinvent how they go after the issues. The next government might just have permission to look at the long term rather than stay in reactive mode.

Senior Civil Servant

By its nature, government is reactive and that's not helped by the fourth estate, the media and social media, but that's just an accelerant of the problem: that government is no good at thinking ahead.

Senior Civil Servant

The ongoing problem isn't just our own capability and capacity but the capability and capacity of our partners like the criminal justice system, local authorities, health. When you need another part of the system to do their job, they don't have the capability or capacity.

Chief Constable

Government can make decisions to fund the NHS but the cuts elsewhere affect wider health determinants. It doesn't help if councils have to shut parks and swimming pools.

Senior Civil Servant



# Businesses need clarity, consistency and continued investment in skills to drive growth

Since the COVID pandemic subsided, the government has focused on the need to drive economic growth, not least in regions that have suffered from decades of geographic disparity.

As a result, the UK and devolved governments, alongside local and combined authorities, have intervened extensively to create a more fertile environment for business.

In our interviews, three suggestions emerged from public sector leaders that could further support growth. First, they told us that business relies on certainty in order to make investments over longer terms than electoral cycles, so government should do what it can to provide business with stability. Second, several argued that public sector support for business is too confusing, with multiple agencies offering multiple initiatives, and they called for a 'decluttering' of the landscape for business.

Third, many interviewees welcomed recent investment in colleges and further education, adding that it needs to develop as part of a wider package including a joined-up education and skills strategy with lifelong learning and employability at its core. As in previous years, interviewees argued that investment in skills could have an outsized impact on income inequalities and productivity, with a particular focus on the critical role colleges and universities play in equipping people from socially disadvantaged communities into longer-term employment and greater chances of prosperity.

Businesses ask us for certainty if we want them to invest. We can only be successful if we have credibility. Changing our minds does the opposite of that.

Senior Civil Servant

Every government and opposition ambition has a massive skills component. Look at 'Levelling Up'. If you invest in colleges, you'll get the people you need to do the work. Colleges are an investment.

Further Education Leader

There are too many innovation funds. We need to de-clutter.

Government Agency Director



# Government's procurement has entered a new era of potential

## Functions at the centre of government have delivered an unheralded series of reforms in recent years.

They include work on property that has seen government half its number of central London offices in six years as well as a step-change in its commercial capabilities. Senior figures well-sighted on Whitehall's business acumen were keen to talk up that commercial progress and its potential for the future as the Procurement Act 2023 comes into effect in England, Wales and Northern Ireland.

The Act will allow the public sector to be more innovative and flexible in its procurement and more demanding in its contract management which has huge potential to drive value for money. It accompanies significant growth in the sector's ability to drive social value benefits from its contracts which was mentioned by several interviewees as a welcome move. Importantly, these latest developments don't only consider suppliers to government but their supply chains as well.

The Procurement Act also opens up new potential for engaging Small and Medium Enterprises (SMEs) as well as voluntary sector organisations in public sector supply chains. Both can bring niche expertise, innovation and diversity of thought to government programmes.

Overall, our interviews point to real potential for commercial teams to play an increasingly major part in government's impact going forward. However, some highlighted the challenge the Procurement Act brings: its implementation will be a long transition, and making the most of this opportunity will require a workforce bold enough to embrace change, leaders willing to champion new ways of working and effective training programmes. Some interviewees added that investment in the technologies often available in the private sector would also help realise the benefits.

The Procurement Act will allow buyers in government to be more entrepreneurial, but if we don't contract manage suppliers properly, they won't deliver. And all of this might take a couple of years to get into the psyche of procurement people, and we'll have some spectacular failures along the way, but it's got amazing potential.

Whitehall Official

We're already seeing some suppliers asked to work with re-offenders in the justice space, but why don't we insist that every supplier places re-offenders, including in their supply chains? Imagine that.

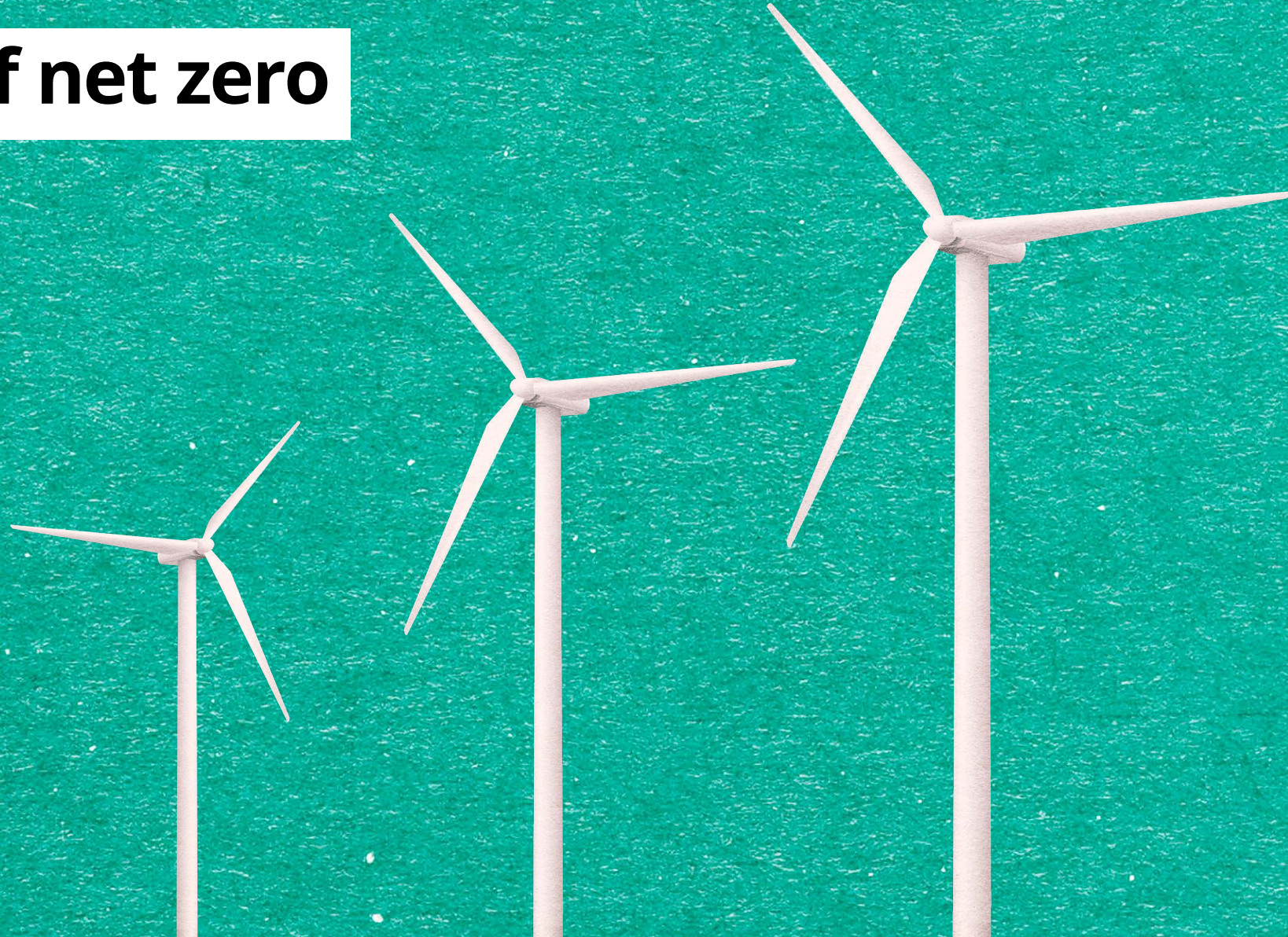
Justice Official

Some departments, especially the bigger ones, still don't get it. If they want to run a £150 million contract without a contract manager in place, that's a pretty high-risk strategy.

Senior Civil Servant



# The state of net zero





# The state of net zero

In June 2019, the UK became the first major economy to legislate for net zero.

Through its Climate Change Act, the UK Government committed to reducing greenhouse gases by 100 per cent of 1990 levels by 2050. The Scottish Government went even further with plans to reach net zero by 2045 and the Welsh Government aims to make its public sector hit the same target by 2030. The UK's race towards net zero emissions is underway.

This year's *State of the State* takes a special look at the road to net zero by exploring public attitudes and reflections from public sector leaders. By examining net zero from the citizen and state perspective, this research complements other Deloitte reports including our work on [The Sustainable Consumer 2023](#) and our report on energy transition due this Spring.

## Key takeaways

- Seven out of ten of the public say they are not confident the UK will meet its 2050 net zero milestone. Younger people are significantly more likely than older age groups to believe the target will be met.
- The public know that reducing emissions relies on shifting energy away from fossil fuels, and they are less inclined to think their own behaviour needs to change. While 45 per cent say the UK's energy mix needs to adapt for net zero, just 24 per cent think that people need to make their homes more energy efficient.
- People believe that recycling is the most important measure a household can take to live sustainably, and more people expect to increase their recycling than take any other action. Far fewer expect to make more significant lifestyle changes like driving or flying less.
- Officials told us that changing the government's position on net zero timings was a 'recalibration' and the first of many bumps to expect on the road.
- Civil Servants recognise a need to be more joined up and have net zero embedded more in day-to-day decisions.
- Beyond the centre, leaders in public services are conscious of the cost of net zero transition but unsure where the funding will come from given the state of the public finances. Many cite the vast challenge of decarbonising their estates and fleets.
- The UK's transport system is making progress on net zero but transport leaders told us they need longer-term funding arrangements to accelerate change.
- Public sector leaders see their leverage in procurement as key to greening the public sector as a substantial amount of their emissions are in the supply chain.
- Officials believe that a major national campaign is needed to engage the public in behaviour change and their role in transition to net zero.
- The skills system is yet to reach a 'tipping point' where demand and provision come together to offer training in green skills.
- Officials are keen that government does more on sustainability than pursue net zero - including the promotion of circularity.



# Part one: what's the net zero dynamic between the citizen and state?

The first part of our assessment of the road to net zero explores the citizen view.

It is based on an exclusive survey of 5,815 UK adults by Ipsos UK. Please see page one for more on our methodology.

## The public is not confident the UK will meet its 2050 net zero targets

Our survey explored levels of public confidence in the UK's progress and ability to meet its net zero commitments. It found that seven in ten of the public are not confident the UK will reach net zero by 2050, as this chart shows.

Q: How confident, if at all, are you that the UK government will reach its target for achieving net zero emissions across the economy by 2050?



Base: 5,815 Online UK adults 16-75



## We asked people in Northern Ireland, Scotland and Wales about confidence in their respective targets.

Overall, people in Scotland and Wales are marginally more optimistic about their government’s ability to deliver net zero – although the majority are still not confident the targets will be met, as the chart shows.

**Q: How confident, if at all, are you that the Scottish Government/Senedd/Northern Ireland Assembly will reach its target for achieving net zero emissions across the Scottish/Welsh/Northern Irish economy by 2045/2050?**



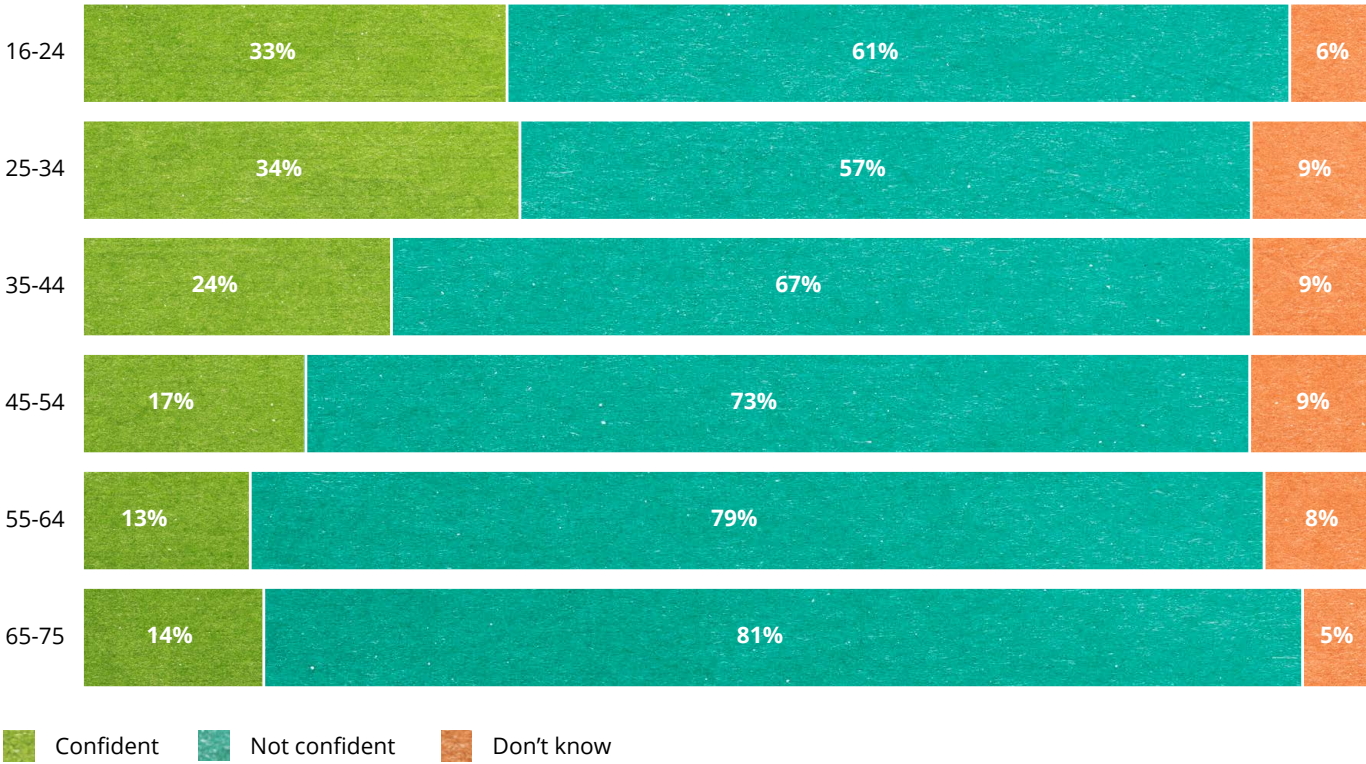
Base: 5,815 Online UK adults 16-75



## Our survey finds some significant differences in confidence by age.

As this chart shows, a third of 16-34 year olds are confident about net zero targets compared to just 13 per cent of the 55-64 age group and 14 per cent of the 65-75 age group. Confidence declines with age when it comes to tackling climate change.

**Q: How confident, if at all, are you that the UK government will reach its target for achieving net zero emissions across the economy by 2050?**



Base: 5,815 Online UK adults 16-75

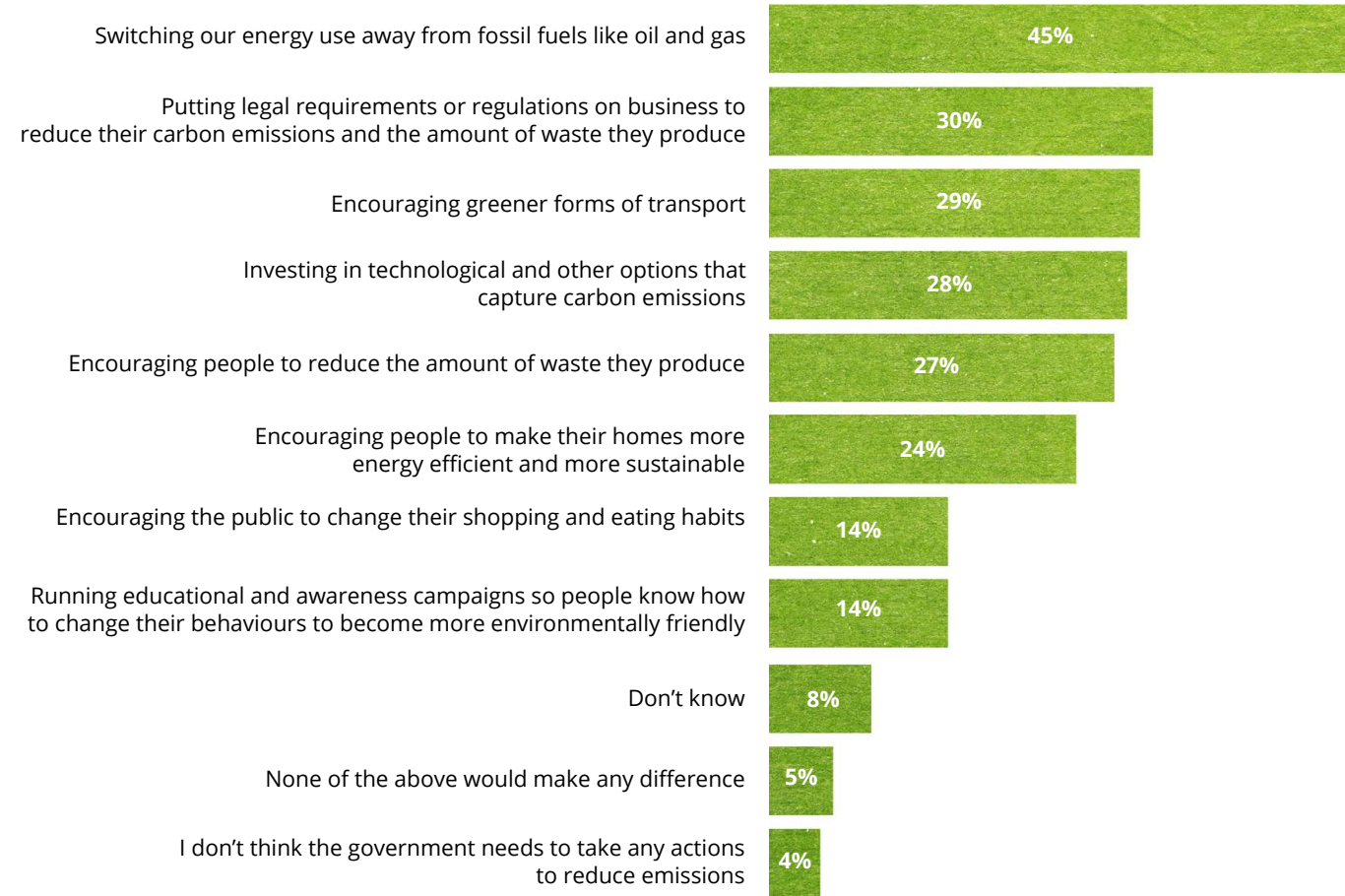


Emissions are mainly about fossil fuels, according to the public.

Our survey asked the public what actions government could take to have the biggest impact on emissions. As the chart shows, the most popular response by some margin was to switch energy use away from fossil fuels, the second was to regulate business and the third was to encourage greener transport. It's notable that actions involving individual changes of behaviour are much lower down the public's list – while 45 per cent say that the country's energy mix needs to change, just 24 per cent think making their homes more energy efficient will make a difference.

There are some nuanced differences between age groups in this response. Those over 55 years are more likely to prioritise reducing waste while younger people aged 16-24 are more likely to see regulations on business as more important.

Q: Which of the following actions by government, if any, do you think would have the biggest impact on reducing the country's emissions?



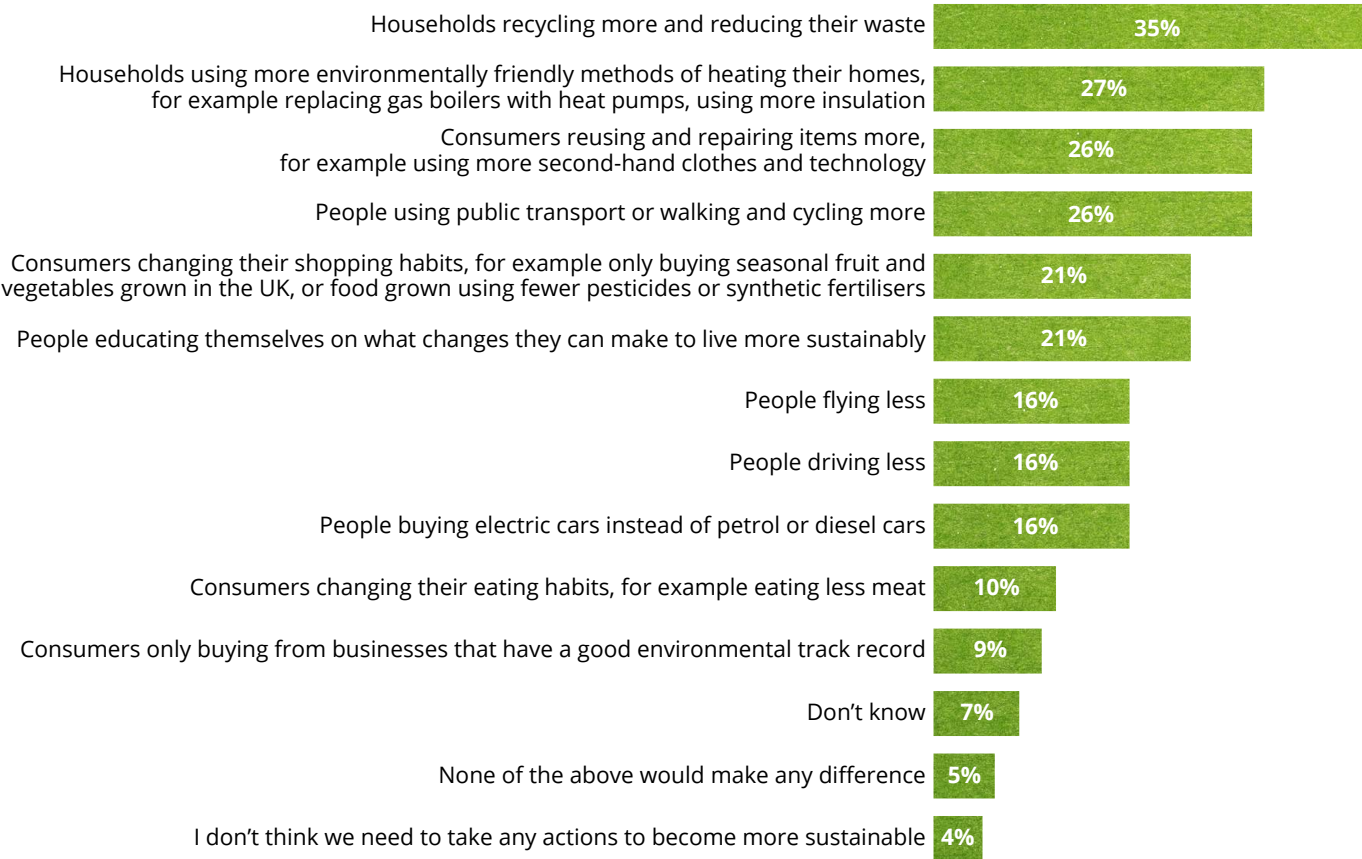
Base: 5,815 Online UK adults 16-75



# The public thinks sustainable living is limited to recycling.

Our survey asked the public what actions they can take towards a more sustainable lifestyle. The most popular answer, by a significant margin, was to recycle more household waste. More significant lifestyle changes such as flying less or buying an electric car were much further down the public's list, as the chart shows. And even relatively marginal changes like sticking to seasonal produce were only seen as worth doing by a fifth of the public.

**Q: Which two or three of these actions that households across the UK could take, if any, do you think would make the biggest difference to people in the UK having a more sustainable lifestyle?**

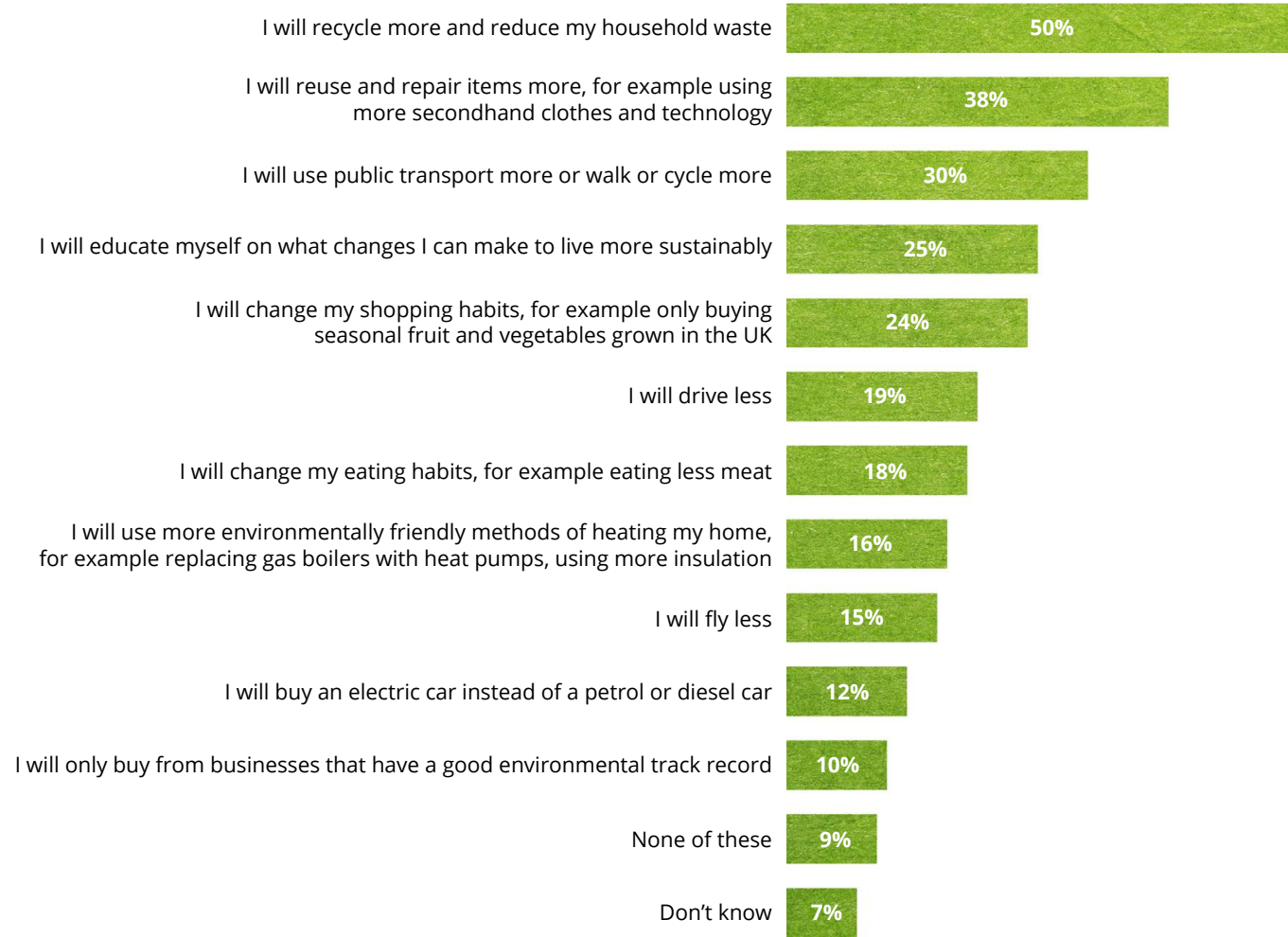


Base: 5,813 Online UK adults 16-75.

We then asked the public what lifestyle changes they plan to make in the next couple of years.

Again, recycling was by far the most popular answer with half the public expecting to do more in the years ahead. As the chart shows, the next most popular responses were to re-use or repair items and then to walk or use public transport more. Again, few people expect to make bigger changes to their lives. Just 16 per cent expect to change their home heating and 12 per cent expect to buy an electric car. More insight on how sustainability is shaping buying decisions is available in Deloitte's [The Sustainable Consumer 2023](#).

**Q: And which of these actions, if any, do you think that you personally are very likely to do over the next couple of years or so? Please only pick those that you are confident that you are likely to do.**



Base: 5,815 Online UK adults 16-75



There are some notable demographic differences within this response.

People over 55 are more likely to say they plan to recycle more, drive less and fly less whereas younger people aged 16-34 are more likely to say they will switch to a more environmentally friendly way of heating their home. There are also some significant differences by gender. As the chart shows, women are more likely than men to say they expect to change their lifestyles in most measures.

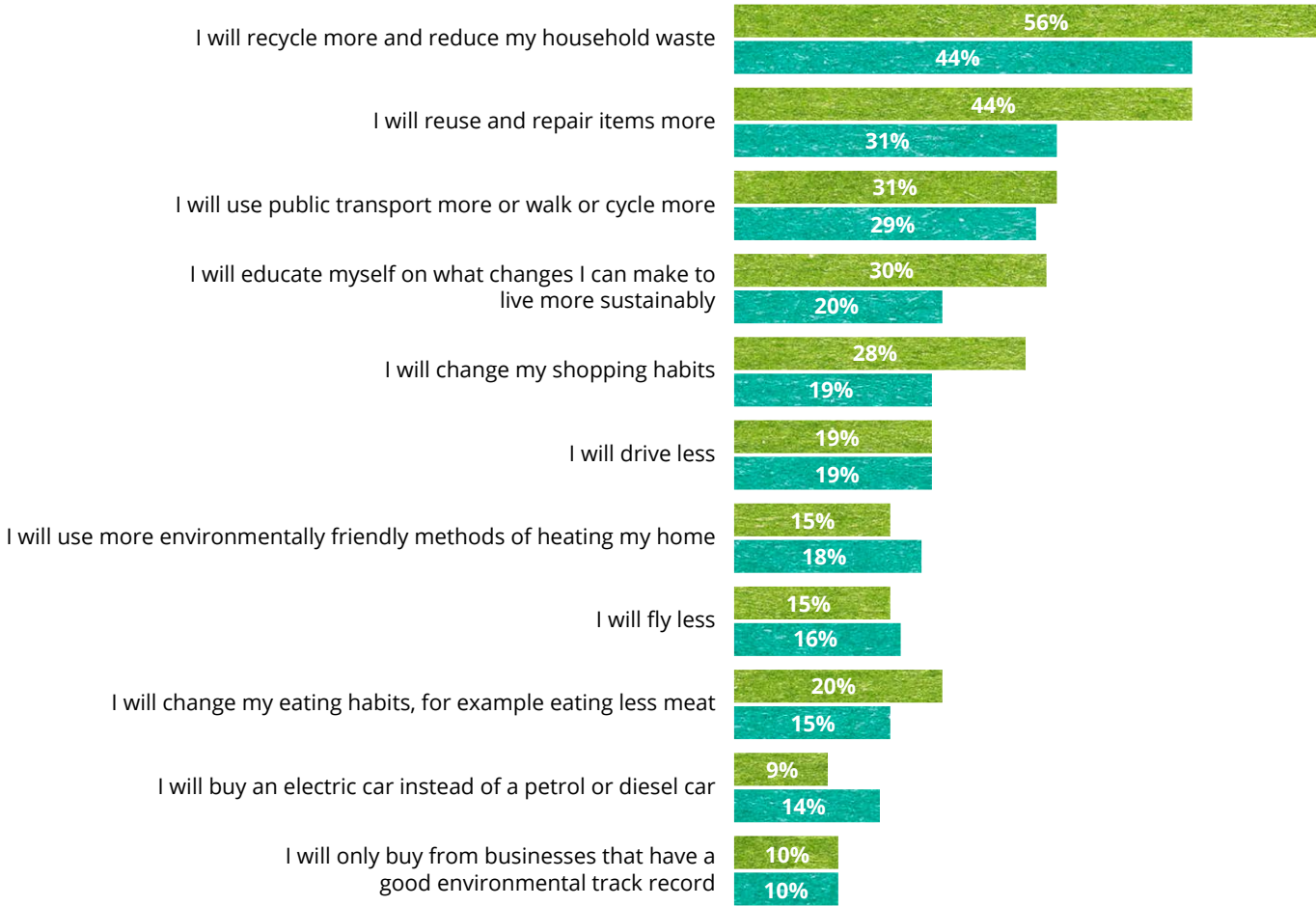
Net zero, not my problem

Our survey questions on net zero build as a sequence to explore the dynamic between the citizen and the state. The results show that people believe the UK is unlikely to hit its net zero target even though it is more than a quarter of a century away. They think that reaching it relies on energy transition and regulating business rather than changes to their own behaviour, and as a result, they aren't expecting to make any lifestyle changes other than some more recycling at home.

These attitudes contradict evidence which suggests that households and individuals will indeed need to make significant changes in the years ahead. That evidence is best summed up by a House of Lords committee that concluded “without changes to people’s behaviours now, the target of net zero by 2050 is not achievable”.

All of this suggests that government needs to convince the public that net zero is achievable and relies on their participation. Saving the planet is not just the responsibility of government, business and energy companies.

Q: And which of these actions, if any, do you think that you personally are very likely to do over the next couple of years or so? Please only pick those that you are confident that you are likely to do.



Women Men

Base: 5,815 Online UK adults 16-75

# Part two: what do public sector leaders say about net zero?

The second part of our assessment of the road to net zero explores the views of public sector leaders.

It's based on interviews with more than 100 senior figures including permanent secretaries and other senior civil servants, police chief constables, council chief executives, NHS directors and other leaders from across government and public services. Their views are their own and do not represent the views of Deloitte, Reform or any other organisation – please see page one for more on our methodology.

I don't know if we're on the slow slide towards the end of civilisation or at touching distance from rebalancing and living sensibly within our natural resources.

Government Agency Director



This section of *The State of the State* sums up nine major themes on climate change that surfaced in our interviews:

- 1 Government is feeling the first bumps on the road to net zero**
- 2 Government needs to be (more) joined up and net zero (more) embedded**
- 3 Net zero will come at a price and private finance will be key**
- 4 The public sector's estate and fleet challenges are vast in their own right**
- 5 Transport is moving in the right direction but needs longer term**
- 6 Procurement and supply chain management are key to greening the public sector**
- 7 The public needs to be engaged and active to reach our climate goals**
- 8 The skills system needs to reach a tipping point to go green**
- 9 Saving the planet is more than net zero**





# Government is feeling the first bumps on the road to net zero

In our interviews, public sector leaders were quick to point out that the UK's journey to net zero has only just begun.

Some said we are in the foothills and others that we are picking the low-hanging fruit, but most agreed that the hard work is yet to come.

Many made reference to the Prime Minister's announcement last September in which he amended the UK Government's net zero plans by pushing back or scrapping measures that would have put an arguably unrealistic burden on the public.

Public sector leaders largely defended the Prime Minister's announcement as a 'recalibration' of net zero plans. They recognised that some of the near-term milestones would be unpalatable to the public and unachievable, so considered his change to be a realistic step. Some described the announcement as the first of many bumps to be expected along the road to net zero.

We've seen a recalibration of what the government thinks the public will accept in the transition to net zero, here and in Sweden, France and Germany. It's not an adjustment to our goals but in how we get to them.

Senior Civil Servant

The PM's net zero announcement had some mixed reactions – some people thought 'thank goodness' because they would never have been able to meet the timetable.

Senior Civil Servant

We're confident we're going to make really big progress. I don't think we're in the low hanging fruits anymore, we're in the easy foothills but as you go on it will get harder and harder.

Senior Civil Servant

Our net zero plan has butted up against real life, events and crises.

Senior Civil Servant

COP26 was a pinnacle of the UK's climate leadership, and there will be bumps in the road, but the cause is durable because climate change is a scientific reality.

Senior Civil Servant

# Government needs to be (more) joined up and net zero (more) embedded

Last January, former Energy Minister Chris Skidmore published his independent review of the government's net zero ambitions.

One of its 129 recommendations was for government to create a cross-Whitehall Office for Net Zero Delivery. Whether a result of that recommendation or not, a new Department for Net Zero and Energy Security was established in a machinery of government change within a month.

Senior civil servants told us that the new department made an immediate impact and is making good progress – but there is a danger it has created another departmental silo rather than the cross-government function that Skidmore recommended. One interviewee acknowledged that the department does not control environmental, agricultural and other policy areas that will be hugely important to making the net zero transition.

Many interviewees said that net zero thinking is increasingly front of mind in Whitehall – but needs to be more embedded into every decision and programme across government.

Government is not joined up. New homes are being built with gas boilers that will need retrofitting, but that's a DLUC policy area. Is DESNEZ accountable for all aspects of net zero? Well it's not responsible for agriculture, or the environment.

Senior Civil Servant

Some departments will do better than others on net zero. I'm not sure it's mainstreamed enough in our conversations for me to be confident that it's one of things that's going to advance.

Senior Civil Servant

Net zero is about organisations having a clear strategy that is bedded into other strategies and choices they make.

Senior Civil Servant





# Net zero will come at a price and private finance will be key

## Many interviewees raised a critical question around public spending and net zero.

They pointed out that transition will come at a substantial cost to the public purse – estimated by the Office for Budget Responsibility at around £327 billion over the next 30 years – and at present, there is an inconsistent view of how government will fund it given the current state of the public finances. Some sectors such as the NHS appear to have clearer plans than others.

One senior figure suggested that funding for net zero should be defined as a long-term budget, drawing on HM Treasury and MOD's approach to the nuclear deterrent. Several also stressed the importance of aligning economic growth and net zero transition, not least to rally business and the public.

Some finance leaders provided compelling arguments about the need for private investment in green infrastructure and technology. They were clear that that government must get to grips with investor needs, provide predictability and engage private capital. Some added that the appetite for private investment in green infrastructure is substantial.

Our environmental strategies were set pre-COVID in a very different economic context. Even when we had the luxury of thinking about the environment before the economy, that was naïve as they need to work together.

Senior Civil Servant

Government hasn't yet found a compelling narrative about how net zero transition will create wealth and jobs – all people think about is the burden, cost and friction.

Senior Civil Servant

Government needs to figure out how to finance net zero and the infrastructure we'll need, both the capital and the revenue. But government completely misunderstands the risks of private capital...what government wants from investors is far removed from what they can and will do.

Government Agency Finance Director

Why can't other departments have long term budgets like the Ministry of Defence? We could have long-term funding that is reviewed every five years. The 2050 milestone is in legislation, so it would make sense.

Senior Civil Servant

# The public sector's estate and fleet challenges are vast in their own right

While the road to net zero requires a transition of the entire UK economy, leaders across public services are inevitably focused on their own journey.

In local services, leaders are aware that their buildings will need substantial investment to reach carbon neutral standards. While government has already committed significant funding through the Public Sector Decarbonisation Scheme in this current Spending Review period, the scale of the task suggests that more sustained investment will be needed. In the NHS in England alone, the cost of eradicating the backlog of repairs to hospitals and equipment is estimated at £10 billion according to NHS Digital data – and that's before making them carbon neutral. Interviewees also told us that electrification of their fleets was not only a sizeable challenge but a complex one when it comes to high speed police vehicles and even unmarked cars used for undercover tax investigations.

Across government and public services, leaders shared their assessment of the major net zero challenges. In local government, officials warned that the cost of retrofitting housing will outweigh short and medium term financial benefits. In central government, civil servants told us that much of their estate is yet to meet current carbon standards. Police leaders were clear that greening their estates would take time while electrifying their fleets raised operational complexities. In defence, officials were candid that emissions are not a current priority when it comes to military hardware.

However, almost all interviews were clear that they were making some progress. One Vice Chancellor told us that his university has reduced its direct emissions substantially but was challenged by the next phase of reducing 'scope three' emissions that occur indirectly.

Some forces have made more progress than others, but we're a long way from greening our infrastructure.

Chief Constable

On net zero, we've worked hard on scope one and two emissions but scope three is harder because that requires behaviour change.

University Vice Chancellor

Net zero is a bit more difficult when it comes to tanks that belch out all sorts of emissions.

Defence Leader





Sixty per cent of our buildings are below today's carbon standards, let alone what we have to do in the next 30 years.

**Senior Civil Servant**



The big challenge is our housing stock like flats, and they aren't the easiest to retrofit. We reckon the investment needed for each is around a £40k but it will only save you around £1k a year.

**Council Director**



To make say a small hospital net zero compliant you're looking at adding a few hundred million to the bill. Trying to balance net zero commitments with the financial costs associated is going to be very challenging.

**Senior NHS Official**



It'll cost £30 or £40 million to make our building carbon neutral, but it's only worth about £20 million.

**Government Agency Chief Executive**



# Transport is moving in the right direction but needs longer term certainty

Decarbonising transport remains one of the most important and visible challenges in the transition to net zero.

There is no shortage of progress but transport leaders warned of three systemic barriers when it comes to public transport's net zero journey.

First, they argued that transformation of the scale required is fundamentally difficult when budgets are tight and only set for the short term as the nature of transport requires longer term financial certainty and planning.

Second, transport officials were clear that they need to collaborate effectively across government, local government and beyond. One suggested that the impact of austerity on councils has depleted their capacity for collaboration with transport agencies over time.

Third, leaders told us that the market in specialised electric vehicles needs to grow in order to make them viable for public sector use – not least when it comes to fire engines – and the charging market also needs to develop to meet expectations.

Collaboration is vital, we won't get this done without it. The risk is in our relationships. One problem is that local authority capabilities have been reduced and drained over the years and that hampers their ability to collaborate.

Transport Official

We have to evolve into a multi-modal, sustainable transport system and that is a huge business and cultural challenge, and we have to do that amid a funding challenge.

Transport Official







The challenge is the extent to which the market will come in on electric charging. Our role is to provide the right support, and the more information we can give to business, the more confidence they have and the more they will do.

**Transport Official**

In order to deliver the scale of change that we need to deliver, business as usual won't cut it. Becoming an environmentally sustainable organisation it's not just about the emissions we pump out.

**Transport Official**

These are multi-decade assets and we're an organisation that needs to plan generationally but due to the fiscal constraints we can only do short term planning. It almost looks strategic because it's more than one year, but it isn't.

**Transport Agency Official**

Until the market shifts and electric fire engines become more affordable, we'll have to wait because the costs are incredible, especially at a time of budget pressures.

**Fire Service Leader**

# Procurement and supply chain management are key to greening the public sector

Public sector leaders are alert to the level of emissions generated by their suppliers and the supply chains beyond them.

They know that their procurement will be an increasingly important tool in driving net zero in the years ahead.

Many interviewees told us that their contracts already asked for net zero credentials from suppliers, but government could be more demanding as the new Procurement Act comes into effect. Some suggested that public bodies could think more broadly about the impact of their procurement. A police chief constable, for example, asked whether forces should be buying uniforms from China or supporting the domestic market.

The big thing for us is major contracts and supply chain because that's where our emissions happen. The question is how we measure those emissions with any certainty, but it's a good lever, and that's got to be a good start.

Senior Civil Servant

Lots of our emissions are in the supply chain. Do we want to fly uniforms from China or build a domestic supply chain?

Chief Constable

Suppliers can tell us a good story about net zero but so what? We're not tactical enough. We need to go back to them and say 'you've got to accelerate this'.

Senior Civil Servant

I'm hoping we see more innovative suppliers on net zero and social value as their unique selling points.

Senior Civil Servant



# The public needs to be engaged and active to reach our climate goals

Our survey points to two conclusions about the public mood on net zero: it's a priority, but not something they expect will massively change their lifestyles.

While four in ten of the public say climate change is a priority, just a quarter are planning to change their shopping habits and fewer than a fifth expect to fly or drive less. However, most evidence suggests the public will need to change their lifestyles significantly in the coming decades if the UK is to meet its net zero target.

Public sector leaders are alert to this contradiction, and many told us that government needs to better engage its citizens. They argue that people need to understand what is at stake and the role they need to play to reach net zero. Some suggested that it needs to focus on the positive benefits including economic growth rather than create a sense of burden and inconvenience.

There needs to be a national communications campaign to land simple messages on what people can do and need to do to get us to net zero. It's got to be centred on what it means for them, so it's the opposite of nimbyism and we get to a critical mass in their thinking.

Senior Civil Servant

People will engage with the deposit return scheme because it's tangible and tactile, and people trust that. We need to bottle that and do it at scale.

Senior Civil Servant

There's a lot of public kickback on net zero now, so how do you bring the public along on the journey?

Council Chief Executive

# The skills system needs to reach a tipping point to go green

For more than a decade, policymakers have recognised the growing need for green skills in the UK economy.

A [report](#) from Deloitte with the Institute of Environmental Management and Assessment (IEMA) recognised that skills will need to adapt in every industry as the economy becomes greener, not least in specialised areas such as building and retrofitting homes.

Many public sector leaders recognise both the challenge and the opportunity for building green skills, especially for people looking to re-skill or move from jobs in declining industries. Leaders in further education told us that green skills are unlikely to emerge from the provider market unless there is government intervention and one interviewee argued that professions, colleges and government – perhaps in the form of mayoral authorities – will need to collaborate on local solutions within a national framework.

Others told us that the momentum for green skills needs to reach a tipping point which might not happen until there is more certainty around which technologies will dominate in the decades ahead.

We're not at the tipping point yet with green skills. The system isn't ready, there's not a lot of existing qualifications and the technology isn't fixed. While people are still debating hydrogen, air source and ground source heating, there's no way the skills system can start getting people ready. It'll be like the 90s when the internet took off – eventually there was a tipping point and the skills system geared up to provide the courses people need.

Further Education Leader

What's going on around green skills is pitiful. There's no way the market will deliver them without intervention.

College director

All of the trades and professions need to work with colleges on a concerted, organised approach to green skills. There needs to be a national approach and local co-ordination of the market to make green skills happen. Mayors could bring trades, professions and colleges together to develop the learning and government could fund bursaries so people could take time off for it.

Further Education Leader



# Saving the planet is more than net zero

The UK's transition to net zero focuses on one critical element of climate change: the reduction of carbon emissions.

However, a significant number of leaders we interviewed were keen that policymakers, businesses and the public see sustainability and the environment more broadly.

They argued that while pushing forward on the road to net zero, government needs to do more to protect the environment and encourage a more circular economy – and many added that government needs to move with a sense of urgency.

Net zero is just one part of a bigger picture – it's about conservation, protecting species, and it all needs to fall in line.

Parliamentarian

We need to scale up circularity. The clothes you pass down from one kid to the next and the local WhatsApp group where you trade furniture – that's all circularity. What we need to do is widen those loops.

Parliamentarian

Older people are worried about climate change for future generations and totally buy into sustainability because they weren't brought up in a throwaway society. They were brought up to repair, reuse, to make do and mend.

Agency Director



# Conclusion: lessons for the public sector from within





# Conclusion: lessons for the state, from the state

For more than a decade, government and public services in the UK have faced successive disruptions: austerity in the wake of the global financial crisis, the complex implementation of EU exit, the unprecedented battle against COVID and the stark challenge of the cost of living crisis.

Each of those disruptions has come with wider implications for the state including increases in demand for public services, workforce disputes, debates on hybrid working and the inflationary erosion to public spending power. All of this has happened against a backdrop of fractious domestic politics, increasing global uncertainty and regional conflicts with international ramifications.

The past decade has been one of challenge and change that has left a legacy on UK society and our public sector.

That legacy is key to interpreting this year's *State of the State* survey. It shows how recent years have taken their toll on the public's optimism for the future, faith in government and even expectations on public services. People are as pessimistic as last year – albeit with a significant shift around the cost of living – and trust in government continues to drift down, especially on its ability to deliver. When it comes to public services, peoples' current priorities are simply to access them within a reasonable timeframe and be able to complain when things go wrong.

The legacy of the last decade is also evident in our interviews with public sector leaders. They talked with incredible pride about what their people and organisations have delivered in recent years but how circumstances have left their services and workforces in a fragile condition. That's especially true in health and social care which is still reeling from the pandemic even if it isn't generating the same number of headlines.

Overall, our interviews found that public sector leaders want to put these years of crises behind them, find some stability and look to the future. Many told us that government tries to do too much given the limits of its resources. They want to see central government prioritise more effectively and concentrate its attention on the most important issues facing the country. Many said that years of crises has left them locked into short-term, tactical responses yet the UK's challenges – issues like levelling up, social care reform and net zero – require long-term thinking, planning and funding.

For all these reasons, public sector leaders want to see a 'reset' of the public sector: its own CTRL+ALT+DEL.

## CTRL

Government could exert greater **control** on its delivery by focusing on outcomes rather than inputs and make deliberate decisions about where accountability lies. That might mean new ways of dissolving departmental boundaries or devolution from beyond the centre of government.

## ALT

Government could explore **alternative** ways of working including partnerships and deeper supplier engagement to become more productive and better leverage public spending.

## DEL

Government could prioritise more effectively, making difficult choices on where to focus its resources – and that might mean **deleting** some programmes or moving them out of the public sector.



Our 100 interviews for this year's State of the State point to five lessons for the UK public sector from within.

They are:

- 1. Eliminate institutional drags on productivity.** Boosting productivity within the public sector should start with addressing ways of working inherent in the sector that drag it down. That means tackling habitual over-programming, short-term funding arrangements and input-orientated spending plans. Leaders can also influence productivity in the tone and expectations they set.
- 2. Reset the system to end crisis mode.** Much of the public sector has spent years delivering tactical responses to successive disruptions from external forces. As such, the public sector needs to reset itself for greater resilience, longer-term thinking and a joined-up, sector-wide plan for the future.
- 3. Make delivery the north star for reform.** Public trust in government's ability to get things done – and especially deliver major projects – is low, and officials believe the sector's accountability, scrutiny and risk environment make delivery an institutional issue. Future government reforms should therefore emphasise delivery as central to government's purpose.
- 4. Don't let up on digital transformation.** Public sector leaders told us they need to resolve the issues in digital transformation that come with the UK public sector's digital maturity – like the need to bring the quality of data architecture in line with the quality of user experience, the need to continue eradicating legacy issues and the need for central government to provide more system-wide direction.
- 5. Seize the potential of procurement.** Many public sector leaders told us that the Procurement Act 2023 has opened up new potential for procurement to boost value for taxpayer's money, drive social value from government spending and improve partnership working with suppliers large and small. Seizing that potential will require bold new ways of working, a mature approach to risk and real ambition in the sector's procurement and commercial functions – plus the leadership to make it happen.

This year's *State of the State* took a special look at net zero. Our survey found that overall, the public wants to see improvement in the way the UK handles climate change. However, it also surfaced a tension: the public think that net zero is predominantly an issue for energy companies and businesses. They don't see it as an issue that will require much change on their part beyond some additional recycling. Public sector leaders took a different view. They told us that, as evidence suggests, the public will need to make some significant lifestyle changes in the years to come.

Those leaders painted a picture of a public sector increasingly aware of the scale of net zero and the road ahead. They know that the financial cost of transition will be considerable but they are yet to be sighted on how. They know their estates need to be decarbonised and their fleets electrified but they are not sure how they will find the capital under the current funding outlook. But they do know that procurement will be key to stripping emissions out of their supply chains, that further education might need support to deliver green training and that a sustainable society will mean more than net zero alone. Importantly, public sector leaders recognise that the road to net zero will be bumpy, but they are committed to the journey.



Our interviews surfaced five lessons on net zero for the state, from within the state.

They are:

- 1. Engage the public for the long haul.** The public has a crucial role to play in delivering net zero and needs to understand the implications and expectations on households. To do that, government needs to establish a multi-decade, national communications plan to engage the public, encourage behaviour change and prepare them for the road to net zero.
- 2. Position net zero as a sector-wide priority and central to business-critical decisions.** Leaders told us that net zero needs to be more joined-up across the sector and more embedded in government. That suggests net zero should be positioned as central to the design of business-critical programmes so that all major decisions combine sustainability and effectiveness. It could also mean a pan-sector view of issues like fleet transition that would allow for a whole-system view, prioritisation and clarity.
- 3. Lay out a roadmap with long-term funding and financing plans.** Across the sector, leaders told us they want clarity on funding for net zero – especially when it comes to their estates. As some argued, government should set out a multi-decade plan with detailed funding and financing arrangements that would provide clarity for the public sector and build confidence for private investors. A long-term plan could be reviewed at regular intervals and adjusted as required.
- 4. Drive net zero through the supply chain.** Many officials told us that a substantial amount of emissions are in their supply chains. That suggests investment in supply chain management, procurement, contract management and other commercial activities could pay dividends for net zero and secure additional social value through public spending.
- 5. Support green skills through market intervention.** Further education leaders told us that green skills need to reach a ‘tipping point’ of supply and demand. Government could accelerate that by investing in the skills market through combined and local authorities, enabling them to bring education providers, businesses and trades together to define the skills needed and fund professionals through their training.

*The State of the State 2024* suggests a watershed year ahead for the UK. After a decade of disruption and four years of crises, the public wants greater stability and reasons to be optimistic for the future. Our interviews with public sector leaders suggest that the desire to provide that – through long-term, delivery-orientated government – is thriving.



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Designed and produced by 368 at Deloitte. J31499