Industry in Focus

The Future of Government

Rethinking the architecture of government

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pwc

Foreword

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We all have our part to play, as individuals, in responding to the challenges of our day. But it falls to government, the public sector and the wider chain of organisations that work with them, to set the framework for how we tackle these challenges.

Some might say the complex landscape of government in the UK is a function of necessity. Or that it has simply evolved over time—a series of conscious choices made at various critical points. In many cases, these moments have long since passed.

This report explores the opportunity we have now to look again at the functions and capabilities of government and to ask how it might be better set up to address the challenges the country faces.

We have spoken to a broad range of practitioners and experts, many currently working across different parts of the public sector, and many others who have worked with, or observed it, for their entire careers. Drawing on these conversations, we have set out key considerations government may wish to address if it is to achieve better outcomes for people and places across the UK."

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Executive summary

Our Future of Government research programme has been running since 2019, using public polling and original research to tackle topics such as public perceptions of fairness in the UK, regional inequality, social mobility and declining trust in public organisations. Our latest research, set out in this report, looks at how rethinking the architecture of government in the UK could drive better delivery of public services.

By architecture of government, we mean the complex system of central government, the devolved administrations, combined authorities, local councils and the various bodies (including those from the voluntary and private sectors) responsible for public service strategy, policy and operational delivery.

Even after a General Election, the incoming Government will not have a great deal of flexibility. The Office of Budget Responsibility's March update to its Economic and Fiscal Outlook identifies significant fiscal pressure for the forecast period through to 2028-29.

All of this is set against the backdrop of global instability, an extended period of domestic political turbulence and a cost of living crisis following the COVID-19 pandemic.

Despite these challenges, there are opportunities. There are positive indications that rapidly evolving technology is being harnessed to improve workforce productivity, underpin economic growth and support and engage with citizens and communities in new and innovative ways.

To transform and be able to take advantage of such innovations, a paradigm shift is needed. This should be about more than changes to the operation of Whitehall or changes to the machinery of government—important though those are. It requires a reset in the relationship between central government and local places, an enhanced role for citizens in public services and an overhaul of the capabilities needed to deliver sustainable change.

With the election on the horizon, there is an opportunity—a critical moment in time—for a new administration and the civil service to rethink how the different layers of government, key partners and delivery bodies can work together to respond to cross-cutting challenges and deliver public services.

We hope the observations and recommendations in this report can help inform this debate.

> "In this current round of research, we have spoken to people working across different parts of government and the public sector, as well as wider policy and think tank organisations. We have gathered multiple views on how the public sector organises itself and provides services to citizens and communities—and what is needed to truly drive pace into the sector's ongoing transformation journey."

Four key areas of focus

To improve the architecture of government and help the public sector deliver effective services in a complex and changing environment, our research points to the need to address four key areas:

1. Improving the user and citizen engagement experience

It is possible to design an improved end-to-end experience for citizens, service users, communities, businesses and partners. By adopting a citizen-first approach, government and the wider public sector could make improvements to ensure interactions feel more joined up and services are easily accessible. For example, this would require a fairly fundamental shift in the integration of data and technology in order to establish single platforms for citizens to access services.

At the same time, greater recognition needs to be given to the role people and communities play in bolstering the infrastructure that helps to shape places and support those who need it most. More people would engage in the efforts government makes to co-design arrangements for service provision, if they felt they had a genuine opportunity to influence a broader range of decisions about policies and processes.

2. Establishing a new deal between the central and local agencies of government

A new government will have the opportunity to reconsider the relationship between the central and local agencies of government. At the very least, consideration could be given to the freedoms and flexibilities associated with the flow of funding from central to local (most local agencies would welcome long-term funding settlements). However, more radical action could be taken. For example, by looking in depth at the division of responsibilities at a central, regional and local level and by establishing a duty to collaborate across all levels of government—in pursuit of economic growth in each of the country's different regions and devolved nations.

Some of the commentators who contributed to this work advocated even more innovative approaches, such as ensuring Whitehall departments took on responsibilities for different geographies, alongside the more traditional areas of policy.

3. Fostering cross-organisational collaboration to tackle critical challenges

A cross-organisational approach could improve responses to cross-cutting challenges and achieve greater economies of scale. We use 'cross-organisational' to describe the need for the different organisations that comprise government to work in a more joined up way—across their different departments for example—but also to work more effectively with each other. There are numerous examples at the national, regional and local level of agencies forming arrangements that allow them to pool resources and work outside of their established organisational boundaries, in order to address particular societal challenges in a more holistic way. However, there is an opportunity to be more deliberate in encouraging these types of programmes.

Many of the problems we face are multi-faceted in nature—they have multiple causes as well as wide-ranging consequences which create new and ever more complex challenges. They cannot be solved by single agencies working in isolation. Only by building robust partnerships across government, industry, academia and local communities will we be able to navigate the cross-cutting strategic challenges facing the UK.

4. Addressing capacity and capability

Government and the wider public sector urgently need to address an apparent capacity and capabilities deficit to meet current and future challenges. Like many sectors, the public sector is finding it difficult to attract and retain the workforce it needs, and this is being complicated further by the fact that the nature of the workforce it needs is changing rapidly.

Some of the potential solutions to this situation lie in the emergence of new technologies—for example, the ongoing evolution of Generative AI—which have the potential to significantly enhance productivity. Similarly, there is an opportunity to mine the large amount of data the public sector collects and holds more intensively, generating the insight that might enable more effective policy interventions to be made.

Of course, harnessing the power of these new technologies will also require the public sector workforce to develop new skills and capabilities. This will need to stretch beyond skills associated with technology into areas such as the stronger engagement and co-design skills that will be needed to foster more citizen and community empowerment.

We recognise there is significant interplay between these areas of focus and have sought to identify the key changes that could be made to the organisation, functions and delivery of public services, highlighting the key opportunities for improvement that could inform a more fundamental reimagination of the architecture of government.

Introduction

The decline of public trust in government has been well reported, with evidence of increasing public pessimism around the UK's ability to provide effective services that deliver value for money. While much is being made of the potential that technology and artificial intelligence (AI) has to transform the delivery of public services, it is clear that government is not currently well positioned to maximise the advantages these technologies can bring.

Those working at the heart of government know it needs to be transformative and that there is a need to organise itself so that it is on the front foot. By transforming the relationship between central, devolved, local and regional government, and with business and the education sector, the public sector can develop the approach and infrastructure that is needed to meet the cross-cutting policy challenges facing the UK.

The current architecture of government makes it difficult for the public sector to meet the evolving needs of our society.

Our research finds this is due to:

- **inconsistent relationships** between central government and local delivery organisations;
- **a siloed hierarchical structure**, which inhibits multi-disciplinary working and cross-departmental collaboration;
- **workforce pressures,** with shortfalls impacting capacity to deliver key services;
- **changing public expectations** against a backdrop of unprecedented fiscal pressures;
- **the new skills and technologies** that are needed to respond to the challenges we face.

How did we reach our views?

To inform the thinking that supports this work, we have spoken to a wide range of leaders across the different organisations that comprise government (as well as many other organisations that work closely with the public sector). This has been through our regular discussions with the client organisations we work with, as well as three roundtable discussions convened specifically for the purposes of our research.

In the first discussion, we worked with a group of civil servants from different Whitehall departments, exploring questions relating to the changing nature of the public sector workforce, the role technology could and should play in administering public services and the nature of the relationship between central government and the wider public sector.

In our second conversation, we convened a group of leading think tank representatives and other commentators, all of whom have spent their careers examining the machinery of government. In addition to the topics covered in the first discussion, this roundtable also covered the importance of taking a multi-disciplinary approach to certain issues.

At our third and final session, we spoke to representatives at the front line of service delivery and place sharing at a local level. Senior leaders from local government and the health service attended to share their views about the relationship between central and local—its current challenges and how this might be set up more effectively.

We are indebted to those that contributed to these discussions and the views they shared underpin the insights set out in this report.
Our research focused on how policy is delivered across public sector organisations and the interactions between the different layers and arms of government. This helped us see how policy is generated and implemented through the civil service, delivery bodies such as the NHS and Network Rail, devolved and local government—and how these organisations engage with businesses, the education sector, charities and citizens themselves.

In our research, we considered the following guiding principles:

Functionality

How well the different parts of government work together as a unit to deliver services. We looked at whether this structure could be transformed to better address the complex social and economic challenges the public sector faces.

Efficiency

If the public sector provides services as efficiently as possible from within current architecture. Given the economic outlook, and growing pressure to do more with less, we asked how central government can maximise the usage of its existing resources

Checks and balances

Whether the system set up to hold those responsible—for implementing policy, delivering effective services and improving outcomes at both local and nation level—achieves clear accountability. We asked what impact it has on public trust in government when the architecture fails to enable decisions to be made in a fair and transparent way.

Adaptability

We considered if, in an unstable and ambiguous political and economic climate, the architecture of government is able to react with agility, or implement reforms, that respond to emerging challenges and meet society's changing needs.

Citizen engagement and participation

Whether people, communities and partners (including business, the third sector and/or academia) have a good grasp of how government is delivering for them, and if they are well equipped to engage in the political process and make informed decisions.

With these guiding principles in mind, we have set out the key factors government may wish to consider if it is to achieve better outcomes for people and places across the UK.

1 Improving the user and citizen engagement experience

It is possible to design an improved end-to-end experience for citizens, service users, communities, businesses and partners. By adopting a citizen-first approach, government and the wider public sector could make improvements to ensure interactions are joined up and services are easily accessible.

Current challenges

People's expectations of public services have risen significantly as they look for more efficient, responsive and user-friendly experiences. The public sector is struggling to keep pace with the private sector's investment in customer experience, despite implementing digital platforms, such as gov.uk, and having streamlined and improved the consistency of people's interactions with government departments.

It doesn't help that relationships between individual public service organisations are often siloed, with limited sharing of key customer information between services. This can result in an unnecessarily repetitive experience for customers. For example, those with complex health and care needs may have to tell their story a number of times to different government agencies to receive support or resolve an issue.

- Eight in ten Britons say public services have worsened over the past five years[1].
- 63% do not trust public institutions to spend money wisely or to represent their interests[2].
- The UK lags behind countries such as Singapore, Finland and Canada in the delivery of public services[3].

The big challenges facing the country and government—e.g. safeguarding the environment, making healthcare sustainable, tackling crime and reducing economic inactivity—all rely on citizens being actively engaged. However, the way services are currently constructed tends to disempower citizens rather than enlisting them alongside the public and private sectors to play a bigger role. For example, individuals opting to take action to improve their own health—through diet and exercise—has the potential to ease the burden on healthcare services in the face of a rising tide of chronic disease. A shift is needed: active engagement of citizens should be a core objective for how public policy works.

Participants in our research shared their frustrations, with one pointing to the "lost opportunities to gain richer insights and create positive change, from an inability and unwillingness to share data across different services". While central government collects and holds vast amounts of disparate data, the way data is owned and controlled by different departments means this is rarely shared effectively. As a result, public services are becoming more remote, harder to navigate and are not sufficiently targeted to meet the needs of those who may rely on them most.

Ongoing poor citizen experiences will have far-reaching consequences. For instance, if people disengage with health, care and support services as a result of negative experiences, this is likely to lead to escalating acuity and demand for health support over the long term. Crucially, it could lead to the further deterioration of public trust. According to Edelman's Trust Barometer, trust in government in the UK has fallen by 12% since 2022, to 30%—its lowest point since 2012.[4] This correlates with an increasingly pessimistic view among the public of the effectiveness of public services, leading to dissatisfaction and disengagement.

How to take action

A citizen-first approach to service design and delivery could be adopted to improve the customer experience. This would require greater collaboration between different layers of government and delivery bodies, which could be helped by clearer accountabilities in delivery and devolution of powers over services.

- Both individual and community needs could be met more effectively by integrating services—with public service providers collaborating at a local level; complemented by better coordination across government departments at a national level. To do this effectively, it would be critical to empower local services and frontline workers with the necessary resources and autonomy to innovate and enhance their delivery.
- It would also mean local service providers would need to have enhanced accountability to make sure that standards and transparency are upheld. By creating the conditions for effective collaboration and for local initiatives to grow and thrive, public services can better adapt to the diverse needs of communities while improving overall service delivery.

Sharing data and increasing the use of digital technology across the public sector could improve the consistency and quality of customer experience through richer data insights and more personalised delivery of services.

- The COVID-19 pandemic highlighted inadequate data-sharing between national and local services, with reluctance from the centre to share data with local level organisations responsible for public services.[5] Accessing real-time feedback and integrating the data collected across different public service organisations could improve the digital experience of those interacting with public services. This could also involve incentivising departments and services to share data and insights about what works for different customers, breaking down silos and encouraging a culture of transparency and collaboration across the architecture of government.
- Greater investment in digital technology, such as user-friendly interfaces and digital feedback loops, would enhance frontline public services. There have been great examples of how digital technology has improved social care, with the use of digital communication channels leading to an increase in attendance at appointments and better professional conversations.
- The 2019 NHS Long-Term Plan set an ambition for all general practices to be available to patients via remote digital consultations by 2024; yet two months into the pandemic, 99% of practices had activated remote consultation platforms, providing the foundations for a digital-first approach in healthcare.[6] Adopting similar initiatives across other public services and joining these up wherever possible would enhance and simplify the user journey, balanced with any necessary face-to-face services (for example, where there is limited access to digital technologies).

Creating the conditions for citizens to have a greater voice, choice and control over the services they need to access and strengthening organisational partnerships could improve wider system resilience and potentially reduce future service demand. For example connecting citizens to voluntary sector partners could relieve some pressure on government resources—such as health and social care.

- Establishing more consistent ways to engage people in improving services could improve the end-to-end citizen experience and more active participation can enable citizens to take greater control over delivery of services. Examples include the incentivisation of healthy choices by private health companies to preemptively curb healthcare costs and the application of behavioural science to encourage lifestyle changes for decarbonisation.
- An important consideration here is also the role of the voluntary sector. The government regularly acknowledges the vital role volunteers play in delivering public services such as the NHS, pointing to the estimated three million volunteers in health and social care.[7] Exploring further opportunities to connect citizens to voluntary sector organisations who are active partners in other fields of public service delivery could add extraordinary value to government operations, helping to curb budgets and create a more agile delivery model.
- There is a case for adopting a presumption in favour of greater citizen and community engagement in all aspects of public service delivery. There are numerous successful examples elsewhere in the world of citizens being given greater control over how services are shaped and run. The lessons from these examples could be applied to the role participatory budgeting could play at a local level or through enhancing the role of personal budgets in health and social care.

A spotlight on the Government Gateway

There are numerous examples of central government and other public sector bodies using technology and user experience design techniques to enhance the effectiveness of their customer / resident facing functions. The Government Gateway, the user interface through which many government services can now be accessed, has helped make it easier and more convenient for people to interact with a wide range of government agencies, such as HMRC or the DVLA.

The platform delivers a simplified and consistent user experience by consolidating a wide range of services. This achievement should not be underestimated, given the complications associated with sharing data across different back-office systems and the replacement of legacy technology systems. Cloud technology makes some of the associated tasks more straightforward and increases the speed with which new functionalites can be designed, tested and rolled out.

The programme is achieving success in terms of providing more intuitive and user-friendly interfaces for those accessing services and information.

Benefits include: helping to ensure access for all users (including those with disabilities or limited digital literacy); enhancing digital security; expanding the range of services available online (allowing citizens to complete tasks such as applying for benefits, renewing licences and accessing official information without the need for in-person visits). Broader efficiencies have contributed to the £376m[8] efficiency savings driven by the Government Digital, Data and Technology function in 2023, for example, by helping to reduce the administrative costs associated with traditional paper-based processes and in-person service delivery channels.

The success of the Government Gateway, and its ongoing evolution, supports the case for an even more ambitious investment by government and the wider public sector in the technologies and changes to ways of working that will ultimately help to ensure more people get the information and support they need in a more timely, efficient and cost-effective manner.

2 Establishing a new deal between the central and local agencies of government

There could be a new deal between central and local agencies of government. Place-based leadership could be empowered to unlock economic growth potential within local communities and align on agreed national strategic ambitions.

Current challenges

It is not always completely clear where accountability lies for the delivery and outcomes of services. The UK is known to be one of the most centralised countries in Europe in terms of its structure of policy-making and fiscal autonomy. Where power has been devolved away from central government, it has been inconsistent in its application, and it is clear that its success and acceptance by the public has been uneven.

Devolved administrations, regional combined authorities, directly elected city mayors, unitary, county and district councils all play important roles as representatives for their places and communities. These sit alongside police and crime commissioners, fire authorities and integrated care boards as bodies holding decision-making powers over which and how services are delivered.

Many devolved institutions have developed incrementally without any overarching governance philosophy. If we accept that local communities are best placed to assess local needs, power should be located, wherever possible, closest to where services are actually delivered. This could be achieved by moving from iterative change towards a more substantive one—where the new assumption is one of subsidiarity. Such a shift would need the centre to be far clearer about the outcomes it desires and the role it plays in defining accountability over outcomes and value for money.

Our research indicates that the primacy of HM Treasury in deciding funding allocation and monitoring spending has a notable impact on the appetite for risk in delivering new projects. Local leaders have limited powers to raise revenue and decision-making over spending. Aside from trailblazer deals with Greater Manchester and the West Midlands combined authorities, very few fiscal powers have been devolved to local areas.

This means local leaders rely on funding agreements from central government, supplemented with rounds of grant funding that are often short-term, competitive and restrictive in terms of spending scope. While the 2024-25 local government finance settlement saw core spending power for councils increase by 10% from 2021-22, rising demands for services, such as social care, means the settlement is not sufficient for many local authorities. Since 2020, ten local councils have had to effectively declare bankruptcy through the issuing of a section 114 notice.[9]

- People living in the UK's most deprived areas have a life expectancy a decade shorter than those living in the least deprived areas.[10]
- The expected GVA growth rate for 2024 between London (highest) and South West (lowest) is forecast to show a 0.71% difference.[11]
- French and German cities average around £14,500 investment per head, compared to £9,500 for UK Core Cities.[12]

It's clear that place-based leadership is multi-layered, fragmented and held accountable for outcomes it cannot always wholly influence. The current devolution framework does allow for flexible governance structures that are sensitive to local variations (for example, varying appetites for single mayoral leadership over geographical areas). But the Local Government Association has identified that shrinking ambition from central government for devolution has hindered innovation in the development of devolution deals.[13]

The result is a more formulaic approach that leaves regions looking for more devolved power being limited to a menu of previously tried and approved powers and approaches. This raises the risk of failure of devolution models, leading to central government issuing improvement notices or even assuming control over key functions. Not only does this mean decision-making powers remain distant from the communities they affect the most, but it further blurs the lines of accountability of delivery.

In the case of cross-cutting issues, such as progress towards net zero or skills policy, it's not clear who is in charge of driving delivery and strategic alignment, leading to uneven progress and missed opportunities for partners to invest and support. The limited range of devolved powers to local areas means that decisions and solutions to improve outcomes in places are made away from the communities they most affect.

Plus, ongoing pressure on councils' finances has changed the level of services provided within local areas. Our analysis of local council workforce activity shows a 10% fall in the proportion of activity dedicated to service delivery since 2015.[14] Residents are likely to have seen a reduction in local services, with some councils having to take the decision to withdraw services altogether in order to prioritise meeting statutory duties.

It is clear the current architecture of government could do more to reduce economic disparity between different regions of the UK. London's economic growth in 2024 is projected to outstrip that of any other region of the UK. This mirrors a significant disparity in investment between different areas of the UK. Investment in Camden (£54,000 per head) is more than 15 times that of Tyneside (£3,525)[15] and international comparisons further highlight how investment in urban areas could be improved to stimulate economic growth. This not only affects the UK's economic competitiveness, it has a material effect on people's health and other factors. For example, without significant transformation of the deal between central and local government, the ten year gap in life expectancy between people living in Blackpool and Kensington could widen further.[16]

How to take action

An effective infrastructure for collaboration between different layers of government and wider partners—built around a real sense of collective endeavour around the outcomes being sought—could be created to empower local leaders and give rise to more effective coordination across the public sector and fully engage local citizens.

- More effective arrangements between central and local government would by necessity include greater clarity and shared agreement on the accountability, funding and delivery responsibilities of any given policy or service. Where central government retains primary responsibility, it is critical that the national policy setting process is closely tied to delivery with place-based flexibilities in place. An example of where greater local autonomy may be more effective is employment support. In this model, that would imply central government setting out some clear policy objectives but local government and agencies being given discretion and incentives to deliver in a way that best meets the needs of the local labour market.
- Greater and more meaningful citizen engagement could also be achieved through the devolution of further powers. This would encourage services to be more responsive and tailored to local needs, and better reflect specific demographic, economic and geographic features of individual places. For example, devolving powers over skills policies to local authorities, to design employment and training support services could help target local economic capabilities and skills needs more effectively. This in turn could help both improve uptake from residents, and buy-in from local employers who see a direct benefit for their workforce and talent pipeline.

- At a broader place level, government could also consider building collaborative structures to align policy development and delivery across different arms of the public sector. For example, while Integrated Care Systems still bear the legacy of siloed accountabilities, the Hewitt Review highlights how collaborative bodies like these can develop a culture of shared accountability and take ownership within local areas of delivery against strategic outcomes.[17] Similar structures could help central government, local government and local delivery arms meaningfully collaborate on cross-cutting challenges such as net zero, and provide a focal point for external partners to target investment and support. What would be important in these instances is the provision of real clarity about the responsibilities that exist at each tier of government, and a strict adherence to those agreements as different projects, programmes and interventions are developed and deployed.
- One of the more radical suggestions made during the discussions that have underpinned this work, was the notion that the structures of central government possibly need to be more reflective of different regional geographies.
- The observation made was that departmental working in Whitehall was so ingrained that it is sometimes difficult to encourage ways of working that recognise the importance of place. Perhaps establishing a framework under which central government departments take on roles engaging with a particular geography, as well as their main area of policy responsibility, offers an opportunity to test this idea.

The right devolution structure could be built to manage activity and progress the strategic issues that require local leadership to help communities hold the right people accountable for delivery.

- To prioritise a place-based response, the different needs, capabilities and democratic decisions of local areas should be allowed to shape the structures through which delivery is coordinated. Arguably, devolution is done right when it results in variation between places. For example, devolution frameworks would need to manage the different place-based priorities of urban, suburban and rural areas respectively. Implementing an outcomes-based framework, agreed through collaboration between central and local government, would help set the overarching objectives a given devolution deal seeks to achieve. This could then allow for greater flexibility and innovation in terms of the structures implemented to assure progress against these objectives.
- Regardless of the shape of any given devolution arrangement, a central design principle in a new deal could be to build in democratic participation and accountability. Any new local structures should help people or businesses understand who is responsible for various issues.
- This would help decision-making over important policies and services be more responsible to local communities, but could also help improve conditions for public and private sector collaboration. This is pivotal to, for example, unlocking economic growth within areas and aligning activity to support decarbonisation—which requires action from both public bodies, private businesses and local communities.

Public sector funding arrangements could be transformed in order to make sufficient powers and funding available to local leaders—where they have primary responsibility for leading delivery.

- There was widespread agreement among those we spoke to during our research, that the current model of funding local delivery is not conducive to driving long-term planning against shared challenges. A more strategic, innovative and devolved model for funding public sector delivery could reset the relationship between central and local government and unlock the economic and social potential within places. At its least ambitious (albeit this has proven difficult to achieve in practice), consideration could be given to longer term funding settlements. However, there is an opportunity to think more radically—for example, by looking at the potential to distribute funds that are currently administered through Whitehall departments to different geographies. The trailblazer devolution deal in Greater Manchester, which allows for 100% retention of business rates, could be extended to other combined authority areas to allow flexible funding of locally identified priorities but there is an opportunity to be more innovative still.
- Places could be improved by using an outcomes-based framework aligned with devolution of funding and powers. For example, devolving responsibility to local leaders to redress unemployment in their area and reduce regional economic disparities, could involve agreeing funding proportionate to the reduction in benefit claims they are able to achieve. This funding could then be linked to increased powers over strategic transport, or health services, depending on the drivers they identify that inhibit access to work in their local area. This could incentivise local leadership to innovate in their approach to complex issues, and to mobilise an appropriate place-based collaborative and cross-organisational response. Central government would still play a role supporting the development of effective business cases and helping shape an appropriate reporting framework to keep delivery on track. There is some appetite—particularly at a local level—for the importance of this type of approach to be enshrined in a statutory duty to collaborate in the pursuit of economic development. This sort of policy level has the potential to be highly effective in encouraging central, regional and local government and many other partner organisations to work together on, and be jointly accountable for, programmes that address the underlying causes of a wide range of challenges in different places.

A spotlight on the Greater Manchester COVID-19 response

Close coordination across multiple public sector organisations, across national, regional and local delivery arms, was needed for the initial rollout of the COVID-19 vaccination. This included the Greater Manchester Combined Authority, ten local authorities, ten primary care clinical commissioning groups, acute hospital trusts and the north west regional teams of NHS England and Public Health England.

In the context of high levels of deprivation, with some of the highest concentrations of overcrowded housing in the north, a nuanced place-based understanding was crucial to help the local public sector respond effectively to policy set at a national level.

Through collaboration and strategic alignment across these agencies, an emergency response structure and COVID-19 Response Strategy was agreed, which in turn identified the funding requirements to deliver the strategy. This enabled the rapid stand-up of a delivery model which delivered 3.8m vaccines between December 2020 and September 2021, using a variety of health settings including 51 GPs, 33 community pharmacies, 14 hospital hubs and a mass vaccination centre.

3 Fostering a cross-organisation approach to tackle critical challenges

A collaborative approach across different organisations could improve responses to cross-cutting challenges and achieve greater economies of scale. Building robust partnerships across government, industry and academia could help navigate the cross-cutting strategic challenges facing the UK.

Current challenges

It is widely accepted that UK government activity and delivery is heavily bounded by departmental structures and vertical accountabilities. The Cabinet Office has become the principal focal point for mutli-disciplinary teaming throughout government in the last decade. Increased collaboration with the private sector to level up the UK is at the heart of the government's growth agenda.[18]

However, the current hierarchy and inconsistent application of functional expertise (such as Human Resources, digital, data and technology professionals) across the public sector continues to hinder effective collaboration. Where partnerships between central government, delivery bodies, business and the education sector are critical in resolving cross-cutting challenges, such as net zero, these are typically suboptimal—with unclear accountabilities across boundaries, preventing effective ways of working.

- More than 25% of Civil Service leaders report "a lack of organisational structures designed to maintain collaboration" as the main obstacle in improving cross-government collaboration.[19]
- Of the £42 billion in government expenditure on goods and services, only £17 billion (40%) is procured through Crown Commercial Service framework agreements.[20]
- Government Business Services (GBS) estimates that by creating five shared service centres, central government could save £60m out of a £533m budget.[21]

As we heard during our research, it is well recognised that the current architecture of government "encourages a siloed approach to policy ideation that is valued over delivery". Greater headway could be made on critical issues, such as the transition to net zero and global competitiveness, if we move away from isolated departmental coordination towards more formalised mechanisms for collaboration.

We also heard how other crucial issues lack integration; for instance, a local authority might overspend on social care, which is tracked by the Department for Levelling Up, Housing and Communities (DLUHC). Whereas, the Department of Health and Social Care (DHSC) is separately aware that an Acute Trust or Integrated Care System (ICS) is also overspending in the same area. The problem then extends beyond singular entities—those we spoke with confirmed the current architecture drives an isolated approach in identifying and tackling compounded challenges.

The various different ways that functions deliver also challenges government's ability to pool resources effectively and realise economies of scale, as well as create effective partnerships with industry and academia—all of which hinders cross-department collaboration. For instance, it's well known that Digital, Data and Technology (DDaT) is applied differently across government departments, which creates barriers in cross-departmental collaboration and broader ways of working with industry and education.

In practice, most government departmental activity is fundamentally the same and doesn't need to flex massively over time, irrespective of the remit.[22] Plus, as we have outlined, citizens often receive services in a reactive and fragmented manner, which is aggravated by inconsistent decision-making across government on whether to create or purchase services. Duplicated resources further hinder efforts to save costs and improve productivity, as effective shared service models are scarce.

How to take action

An outcomes-led delivery framework could be installed to unlock cross-government collaboration and aligning 'top-level missions' with practical implementation. Formalised cross-departmental efforts, driven by metrics and KPIs, would make sure there's a sustained focus on issues, such as net zero targets or reducing regional inequalities.

- It has been frequently advocated—most recently by the Institute for Government's Commission on the Centre of Government[23]—that the UK government could adopt more rigorous arrangements for longer-term missions, such as net zero and levelling up. It could do this with formalised cross-departmental working that drives day-to-day activities and outputs, reinforced by metrics and KPIs for cross-cutting challenges as part of a new 'mission framework'.
- Our research similarly shows new structures could convene around these overarching challenges—both on a cross-departmental basis and across different layers of national, local and regional government. We also heard from senior civil servants how "establishing clearer metrics that government is required to consider when implementing policy could help galvanise cross-departmental and organisational activity". For example, as part of the current write round process, departments could be asked to assess the health and wellbeing impacts of a policy or programme, as well as the economic and environmental impact.
- It is often noted that cross-government collaboration is at its best in crisis mode, where operational delivery is mission critical and time sensitive.[24] The COVID-19 pandemic provides the best example of this in recent times, with the rapid mobilisation of new government departments, such as the Joint Biosecurity Centre and its interface with Public Health England, Local Health Protections Teams and the very centre of Whitehall. Carrying this over into everyday procedures is key to unlocking success, echoing the importance of an outcomes-driven government that inspires cross-departmental working.

Functional expertise could be standardised to boost cross-organisational collaboration at a team level. A renewed approach to functional delivery, accountabilities and leadership could reduce the unilateral approach across government departments and drive economies of scale.

- An ongoing exercise to instil a more flexible and dynamic organisational structure in government could involve stepping back to understand the current make-up of functional expertise, where it currently resides and where it should be redeployed or redistributed to service the outcomes most effectively. For example, UK defence organisations are interconnected by functional accountabilities, driving consistency in deployment, recruitment and training. There is scope to build on the approach of UK Shared Business Services to pool and standardise functional expertise across different parts of the public sector.
- Government could better understand commonalities in delivery by scaling a similar approach to matrix management between functions and departments. This could highlight where resources could be pooled (or not) and promote agility in dealing with cross-cutting challenges.

Government could reimagine its relationship with industry and third sector partners to consider the wider system as an extension of the architecture of government.

- Greater clarity in accountability between public and private sector organisations is needed for government to successfully collaborate to deliver citizen outcomes. For instance, on the topic of net zero, senior civil servants told us "energy suppliers are typically seen as the 'delivery agents' by default, with the responsibilities of central government departments and local authorities relatively unclear". As our recent UK Energy Survey indicates, this has led to uneven maturity across public bodies' progress on mitigating both the cost and carbon impacts of their operations.[25] Procuring the services of suppliers in a way that assigns clear accountabilities is critical to tackling cross-cutting challenges. A good example of this is Bristol City Leap, a joint venture between the City Council and the private sector to deliver £1 billion of investment to decarbonise Bristol's energy system. This includes decarbonising Bristol City Council's existing estate, expanding and managing the city's district heating networks, developing new renewable generation and leveraging investment from the Home Upgrades Grant Scheme (HUGS) to reduce the carbon impact of the city's private housing stock.
- The number of individual schemes further hampers businesses' efforts to collaborate on cross-cutting challenges. As we've heard in our roundtables, for example, "big investors can deploy large amounts of capital to priorities, but the government could play more of a role in aggregating individual priorities to encourage investment; there is not currently an effective way of bundling energy initiatives into a clear mechanism to deliver". A cross-cutting approach to procurement across government modelled on the NHS centralised energy procurement strategy could be adopted, and efforts could be ramped up to aggregate isolated initiatives and joint ventures with industry, education and the third sector.[26]

A spotlight on the Troubled Families initiative

One of the most established examples of central government departments and local agencies (mainly local government, health and police) working together is the Troubled Families initiative. Launched in 2012, it provides intensive support—around unemployment, truancy and anti-social behaviour—for some 400,000 families across England, with a focus on addressing the root causes of difficulties rather than just the symptoms.

It has been praised for positive results, such as improved school attendance, reduced anti-social behaviour and increased employment rates. However, it has also been criticised for lacking concrete evidence around its effectiveness, and faced questions around its long-term sustainability. Overall, it sparks debate around the difficulties of addressing social issues and the need for comprehensive, evidence-based approaches to family problems.

The initiative was primarily driven by national government, which set the overall policy direction, and provided funding, as well as setting the framework for intervention and guidance for local authorities.

Local councils play a central role, identifying eligible families, coordinating services and delivering tailored support (often working with housing and education providers).

Various partners, including non-profit agencies, charities, and private sector providers, collaborate to deliver services, offering specialised support in areas such as employment training, parenting skills, mental health and substance abuse.

To ensure effective collaboration, communication and alignment, regular meetings and joint planning sessions are arranged, as well as information sharing and monitoring and evaluation activities.

It is an ambitious multi-disciplinary programme, requiring significant infrastructure and focus, but it represents a clear example of how these types of societal challenges can be addressed, as well as how some of the perceived barriers to success can be overcome.

4 Addressing capacity and capability

Government and the wider public sector could reconsider how talent and capabilities are harnessed to meet future challenges. This would ensure the public sector has a sustainable workforce with the skills to generate insight from data and the ability to maximise the advantages of new technology.

Current challenges

For the architecture of any government to be high-functioning, it needs to have the right capacity and capabilities to make sure public services are delivered effectively and sustainably. The public sector employs 3.7 million people in the UK, some 17% of total employment.[27] Despite this, it struggles to recruit the workforce it needs, and has almost a million vacancies.[28] The capacity challenge is compounded by the current gaps in capabilities—both shortages in important areas such as care provision, for example, as well as skills that will become important in the future, such as data science and user-experience design—which inhibit the delivery and improvement of government services.

While the public sector has been impacted by workforce challenges, such as a lack of a talent pipeline or salaries that struggle to compete with the private sector, there are areas where the capacity shortfall is acute. Public services, particularly those for vulnerable people, are suffering from workforce shortages in health and social care, and a reduction in the local government workforce of over half a million since 2012[29]. Failure in such key services could damage the social fabric for individuals and communities who need these most, further exacerbating inequalities and disparities between and within places.

Public sector organisations are more likely to have skills gaps (21%) compared to private sector, charity or voluntary sector organisations (15%), according to the recent Employer Skills Survey.[30] The government could focus on using data and emerging technologies to address these challenges, looking for ways to innovate and enhance productivity.

- The NHS operates with 154,000 fewer full-time staff than needed, with a projected shortfall of 571,000 by 2036.[31]
- Teacher shortages are being felt unevenly between subjects, with the number of trainee teachers falling well short of targets in areas such as physics and computing (reaching only 17% and 30%, respectively, of the 2022/23 target).[32]
- Employees rank human skills as more important to their future careers than technical skills, such as adaptability and flexibility (69%), critical thinking (64%) and collaborative skills (63%).[33]

The types of skills that are available (and required) across government at the moment—policy design and planning, financial management, commissioning, operational management, and delivery and administration, to name just a few—will continue to be important. However, new areas of capability are becoming more and more relevant. The availability of digital and technology related skills is developing rapidly, but needs to accelerate. While the government's focus on risk and regulation has helped the UK's public sector take a lead in this emerging space, a greater focus on innovation and adoption could help it realise the benefits of AI and other digital technologies.

There is also a need for the development of skills that extend into the fields of community engagement and co-design of service provision with partner bodies and the public. The 'softer' skills required to deepen the involvement of citizens and communities in the design and delivery of policy interventions and services will not simply materialise over time. Action in this space will need to be prioritised if there is to be a genuine shift towards collaboration and engagement with the public.

Initiatives to promote learning and sharing across government departments have scope for further uptake, and would benefit from a shift in focus from collaborating across central government departments, to enabling knowledge-sharing between different layers and arms of government (for example, between local and central government).

How to take action

The public sector has the opportunity to role-model what good employment looks like. The public service offer, for example, could be improved by reigniting the employee value proposition (for example, flexible working, value-driven opportunities, better occupational health and diversity of roles), channelled through new workforce strategies and recruitment campaigns, to attract and retain the best possible talent.

- Ongoing departmental pressures to reduce headcount and recent public sector pay freezes have heavily undermined the attractiveness of working across government. The public sector has an opportunity to revamp the employee 'brand', being bolder in advertising the positive experience and learning environment it offers. For instance, the Flexible Working Bill, due this year, commits to giving millions of British workers more flexibility—around working hours or patterns, including part-time, flexi-time, compressed hours or adjusting start and finish times. It also includes flexibility around where someone works, as well as granting the "right to request flexible working from day one of a new job".[34] Combined with the variety of skilled and values-driven work the public sector can offer, this is a major opportunity to bolster attraction and retention across government.
- The government has the opportunity to attract new entrants to the workforce by promoting its sense of purpose. Gen Z employees, in particular, want meaningful work, and are looking to join organisations that focus on more than the bottom line.[35] The public sector is uniquely placed to attract individuals who are motivated to make a difference, at the same time as developing their skills and experience.

Critical gaps in capability could be targeted, by developing a cross-sector and skills-first approach to talent development, and opening up training and career pathways between central and local government, such as rotations across the government architecture.

- It is becoming increasingly clear that the traditional approach to developing professional silos has limitations and the benefits of adopting a skills-first strategy are evident across the public and private sectors.[36] There are opportunities to use the achievements of programmes such as the £165 million Local Skills Improvement Fund. This initiative has begun to unearth and nurture unconventional talent sources, helping to build more flexible career trajectories throughout the public sector. While job rotations within various Whitehall departments are routine, such practices are less common across the wider public sector landscape. Implementing other like-minded mechanisms could open up access to more critical skills and enable a more collaborative culture.
- The evolution of tools used to engage with the public have outpaced the technical and soft skills that the government requires to connect effectively with its citizens. There are key capability gaps in this space, spanning from skills such as adaptability and critical thinking to communication and digital integration.[37] These could be targeted to help improve citizen experience, while wrapping into a broader, more structured and cohesive approach to talent development overall. Government could build on ideas such as the Government Campus Initiative, which was launched in 2020 to nurture a culture of learning across the Civil Service. It acts as a central resource for all departments to provide effective learning and development for its workforce—and could be scaled to be a more prominent part of the public sector skills agenda.[38]

Continuing to progress with technology and data to enhance the efficiency and effectiveness of services, freeing up the workforce to focus on higher value activities and bolster central government's strategic workforce planning capabilities.

- Our research pointed to acute awareness of how the long-term growth in demand for public services will outrun the size and growth of the public sector workforce, due to demographic changes and population needs. By 2045, the number of working-age adults is projected to be 44.6 million (a rise of less than 5%), and the pensionable age population is expected to be 15.2 million (a rise of almost 28%).[39] This already demands a more sustainable solution for how the government maximises the use of its current capabilities, which, as discussed, could be helped by a bolder approach to technology, data and AI. For example, the arrival of Generative AI (GenAI) is having a positive impact on the way that public bodies operate and engage with service users, residents and communities, but a step change in technology investment could maximise the benefits of deploying machine learning in both front-and-back office functions. Delivery units and centres of excellence could be created and opened to all public sector organisations to share, improve and embed technology, data and AI capabilities.
- How government embeds the use of technology and makes better use of data in workforce planning was a recurring theme in our research. For instance, the absence of reliable data on the health and care workforce was noted as a real issue in effective workforce planning and the ability to identify skills gaps.[40] It stems from the fact that government does not possess sufficient data on workforce demand. Improving workforce data and how it flows into departmental workforce strategies would then be critical to growing the necessary talent and capabilities across the government architecture.

A spotlight on local government workforce

The workforce challenges the UK faces are at a critical juncture, with almost a million vacancies at the time of going to press. The recently launched Workforce of the Future report[41], a research project for the County Councils Network carried out by PwC, sets out some of the key wider issues being faced particularly by local government, but that are common across the public sector.

Macro factors—such as slow economic growth and low levels of productivity, as well as key disruptors, including hybrid working, increasing use of AI and the capabilities required for the future—are having a significant impact on the UK labour market. These factors have, in turn, contributed to some of the most significant shifts for workforces across all sectors in the UK that we have seen in recent times.

The report sets out a range of potential solutions for addressing the capacity and capability gaps that currently exist including: a rethink of current workforce models to bring greater long term sustainability, productivity and value for money; greater consideration of how automation and AI can positively impact future workforce models; and alternative workforce models that could be implemented in order to innovate service delivery.

Conclusion

The current architecture of government is, in many ways, reflective of the complex nature of the challenges and opportunities it has sought to address. It is possible to trace the impact of the interventions that have been made across the myriad of different organisations and the ways of working they have prompted. Many have resulted in significant improvements and allow us to keep pace with the changing nature of the problems we face.

That said, the speed at which new challenges are emerging seems to be accelerating. Many issues feel more complex and multi-dimensional, perhaps more existential. There are examples across government of initiatives that are trying to address the current architecture of government to respond more effectively to such challenges.

But there is also some fatigue around delivering change in such a complex system—with efforts often feeling piecemeal or taking too long to make the difference we really need.

This year's General Election will usher a new administration into Whitehall and—regardless of which party forms the Government— there will be a moment in time for it to take more deliberate action.

Our research makes it clear that a more holistic approach should be taken to the architecture of government—with more conscious choices made about the shape, operation and culture of public service planning and provision in the UK.

There is an opportunity to transform government, aligning it with the needs of today's world—not least by harnessing the power of technology and the appetite of citizens to shape their own futures. We hope this report helps to stimulate the changes needed to allow government to channel these opportunities, in order for the UK to become a stronger, greener, fairer place for its people.

Endnotes

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40 Parliamentary written evidence
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