



The State of the State 2024: Scotland

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, who conducted 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 including senior civil servants, 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 first edition in 2012, *The State of the State* has commented on a decade of disruption for the Scottish Government 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 Scotland's 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 – although starting to abate – but growing concerns around infrastructure and housing. It also finds optimism: public sector leaders see opportunity for Scotland if the country can leverage its strengths.

The State of the State over the years has also reported on an ever-growing divergence between the politics and policies of the devolved administrations and the UK Government. This year, Scotland continues to stand out with its distinctive political landscape and public views that differ to the rest of the UK.

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

This Scotland report follows the UK-wide review that can be read alongside for a broader perspective.



Lesley Smillie
Partner
Government and Public
Services, Deloitte



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 Scottish public alongside interviews with government and public service leaders.

Our survey, conducted by Ipsos UK, polled 5,815 UK adults including 821 in Scotland about their attitudes to government and public services. We also interviewed more than 100 public sector leaders including senior civil servants, council chief executives and NHS leaders, in all nations of the UK.

The key findings from our survey and interviews are:



Government needs to prioritise to match its aspirations with its resources.

Public sector leaders told us that, in common with the rest of the UK, the devolved administration's finances are unsustainable. They talked about an urgent and imminent need for government to prioritise – which may mean stopping some programmes – and make hard choices about spending.



Scotland stands out as the UK nation with a preference towards higher public spending.

Our survey found 36 per cent of the Scottish public saying there should be higher public spending even if that means higher taxes to fund it, compared to the UK average of 30 per cent.



The Scottish Government is the UK's most trusted national administration among its own citizens.

Our survey finds overall trust in the public sector generally declining, and is especially low when it comes to getting things done. Trust in the Scottish Government has fallen on several metrics, but it still remains the UK's most trusted among its own citizens despite that decline.



Scotland's infrastructure and the availability of affordable housing have grown as public concerns.

Our poll of public priorities has seen concerns about the state of the country's infrastructure rise by eight percentage points in the last year. The availability of affordable housing has gone up by six percentage points, putting it level with climate change and economic growth as a public priority.



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 and ease of access, mentioned by 49 per cent, and accountability, mentioned by 38 per cent. They are far less interested in how services are organised.



Scotland has substantial strengths to leverage.

While our research discussions explored serious challenges for Scotland's public sector, interviewees were undoubtedly optimistic for Scotland's future. They talked about the country's strengths – ranging from its higher education to its soft power – and how it's vital to protect, enhance and leverage them in this age of global competition.





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. Some added that investment in further education needs to grow to support the skills needed for economic growth.



The Scottish public lacks confidence in net zero targets.

Our survey explored levels of public confidence in Scotland and the UK's net zero commitments. It found that 74 per cent of the Scottish public lack confidence that the UK will reach net zero by 2050, and 64 per cent have limited confidence in reaching the Scottish Government's 2045 target.



Few Scots expect to make significant lifestyle changes on the road to net zero.

Our survey asked the public what actions government could take to have the biggest impact on emissions. The most popular response by some margin is to switch energy use away from fossil fuels, the second to encourage greener transport and the third to regulate business. Actions involving individual changes of behaviour are much lower down the public's list and few expect to make substantial lifestyle changes in the years ahead such as driving less, flying less or changing eating habits.



Conclusions: lessons for the public sector from within

Our interviews with public sector leaders in Scotland and the rest of the UK surfaced five lessons for the future of the sector from within. They are:

1. **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 a 'reset' that will allow it to shift into longer-term thinking and a joined-up, sector-wide plan for the future.

2. **Drive up public sector productivity by first eliminating ways of working that drag it down.**

Boosting Scotland's public sector productivity will be a vital part of doing more with less. Our interviews suggest that a productivity push should start with addressing ways of working inherent in the sector that drag it down. That means greater prioritisation, longer-term funding arrangements, preventative measures across public services and spending plans that focus on outcomes.

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 delivery – 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 public sector's 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. **Join the dots – inside and out of government.**

One pervasive issue has surfaced in years of interviews with public sector leaders: the need to join up, both within and beyond government. Civil servants say their departments too often operate in silos; people running councils, police and the NHS say their impact is diluted when they don't work in unison; and leaders from private, public and the voluntary sectors agree that partnerships are the only way to take on challenges ranging from financial crime to net zero. The final lesson from within the public sector is to invest in joining these dots and make it government's business to convene, co-ordinate and collaborate. Getting that right could be a huge step for Scotland to leverage its size and strengths in the decade ahead.

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.

Conclusions: lessons for the public sector for the road to net zero

Our interviews with public sector leaders also 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 across 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. 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 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 local authorities to bring education providers, businesses and trades together to define the skills needed and fund professionals through their training.



The Scottish public's view of the public sector



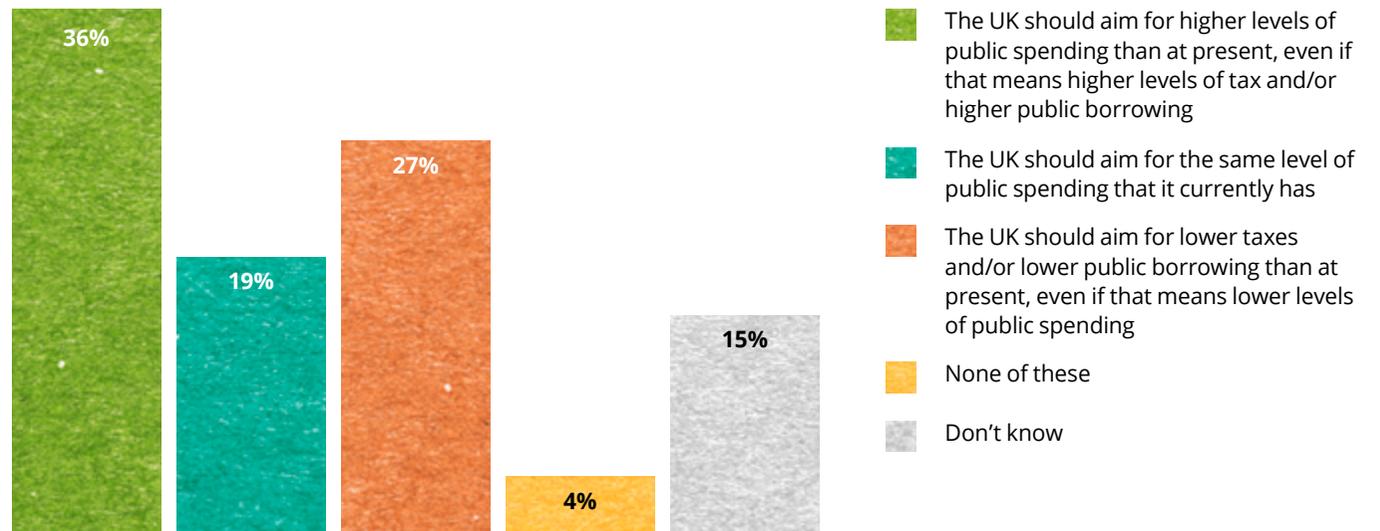
Scotland has a preference towards higher spending and higher taxes

Our survey found the Scottish public as the only UK nation with the highest preference towards higher public spending, even if that means higher taxes to fund it.

As a result the chart shows, 36 per cent of Scots say the UK should aim for higher public spending, even if that means higher taxes or public borrowing to fund it.

Scotland is already a higher taxed nation with the top rate of income tax at 48 per cent. In December 2023, the Scottish Government announced the creation of a new tax band for anyone earning over £75,000, meaning Scotland has six different income tax rates. However, the Scottish public could well expect improved public services as a result. Concerns have also been expressed by the business community that the income tax divergence with the UK may limit longer-term economic growth in Scotland.

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?

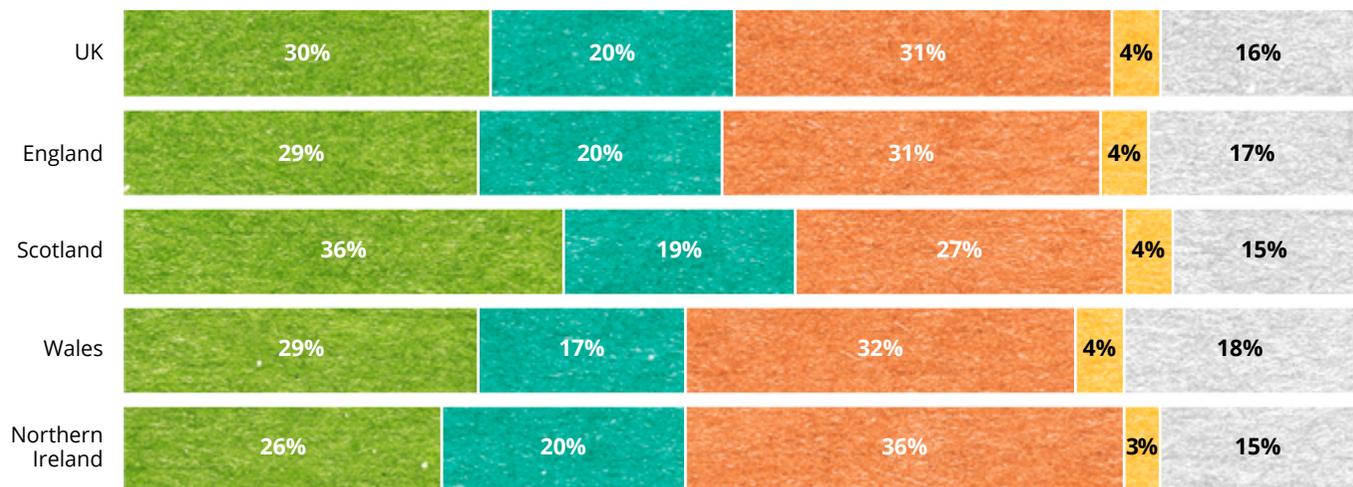


Base: 821 Online Scotland adults 16-75



Across the UK there is no consensus on the right balance of tax and spending, as the public is split between 30 per cent who want higher public spending, 31 per cent who want lower taxes and 20 per cent who want to retain current levels.

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

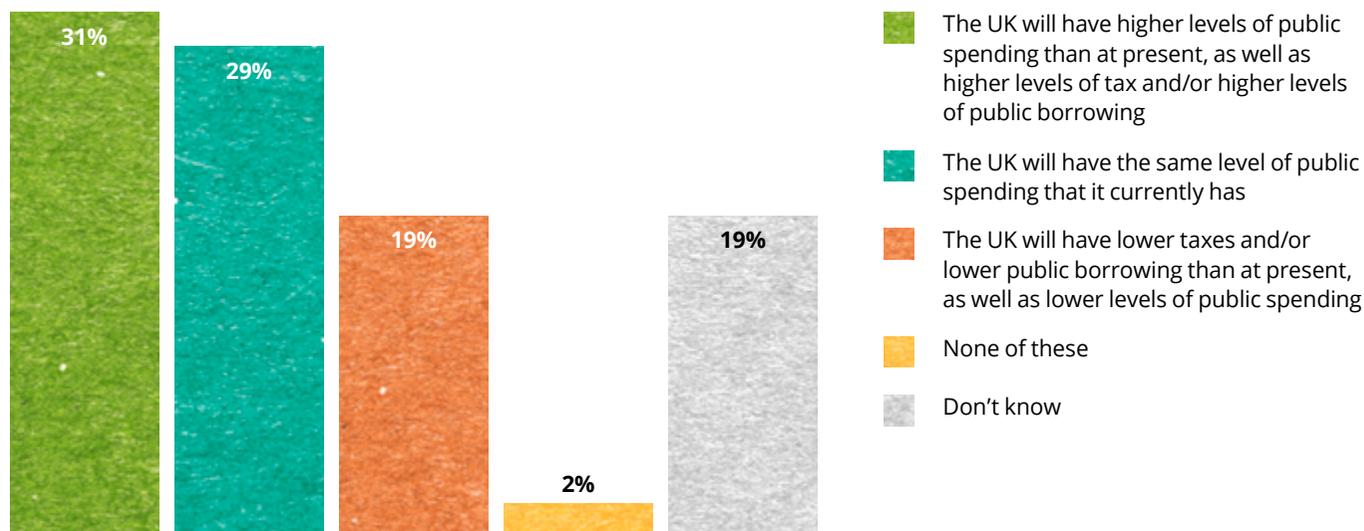
Whatever their preferences, the Scottish public expects spending to remain the same or go up

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

As the chart below shows, 31 per cent believe public spending will increase, with a further 29 per cent thinking it will remain at the same level. So 60 per cent expect public spending to stay the same or go up while just 19 per cent believe that tax and spending is set to go down.

This is broadly similar to the UK average where 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.

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: 821 Online Scotland adults 16-75

Concerns are growing around housing and infrastructure

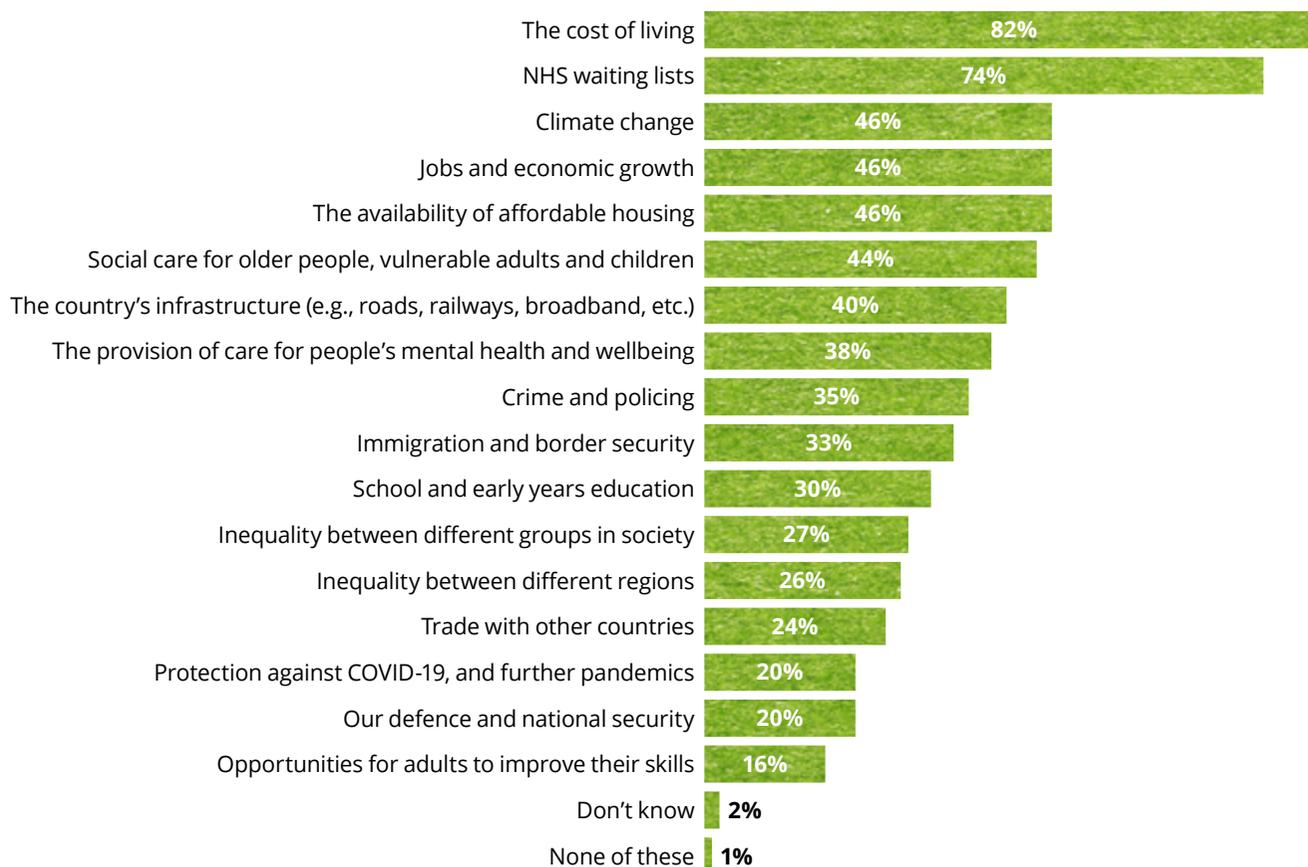
Our survey asked the public to name their priorities for improvement in the UK.

For the second year running, the cost of living crisis is the Scottish public's top concern, mentioned by 82 per cent – that's four percentage points higher than the UK average.

The next biggest issue for the public in Scotland is NHS waiting lists. Almost three quarters of the Scottish public said this should be a government priority, almost equal to the rest of the UK at 73 per cent. In joint third place are the availability of affordable housing; jobs and economic growth; and climate change.

Housing and infrastructure stand out as two issues that have risen up the public's list of priorities since our last survey. The percentage of the Scottish public who want to see improvements in affordable housing has gone up by six percentage points to 46 per cent in the past year, and the percentage who are concerned about infrastructure has risen from 32 per cent to 40 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: 821 Online Scotland adults 16-75

There are some significant differences between public priorities in Scotland and England.

It appears Scots are less worried about crime and about immigration than those south of the border. Just 35 per cent of respondents in Scotland want the government to prioritise crime and policing as a priority, compared to 48 per cent in England. And 33 per cent of the Scottish public say that immigration is a priority, compared to 45 per cent in England.

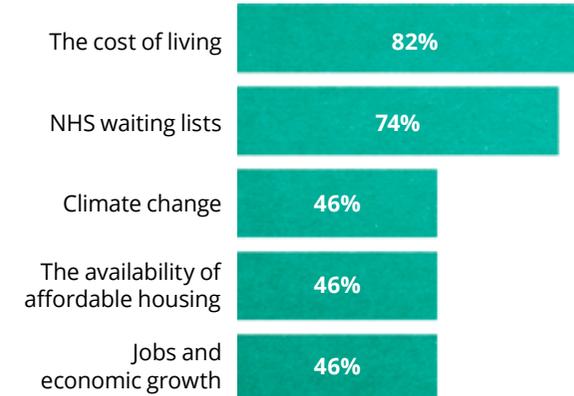


Q: Which of the following issues, if any, do you think should be the top priorities for improvement in the UK over the next few years or so?

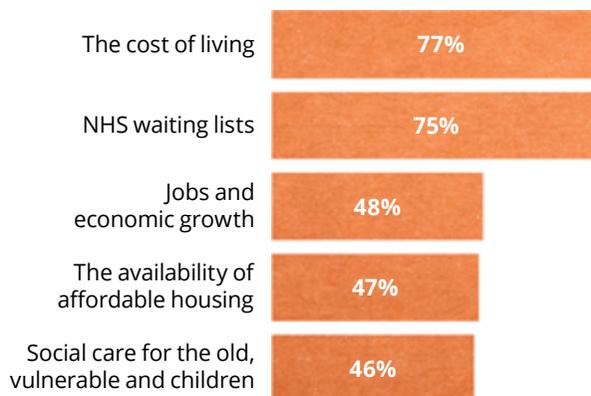
England



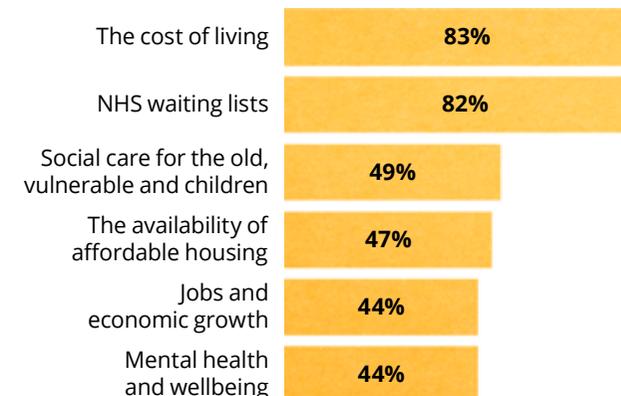
Scotland



Wales



Northern Ireland



Base: 5,815 Online UK adults 16-75

The public's pessimism has started to abate around the cost of living

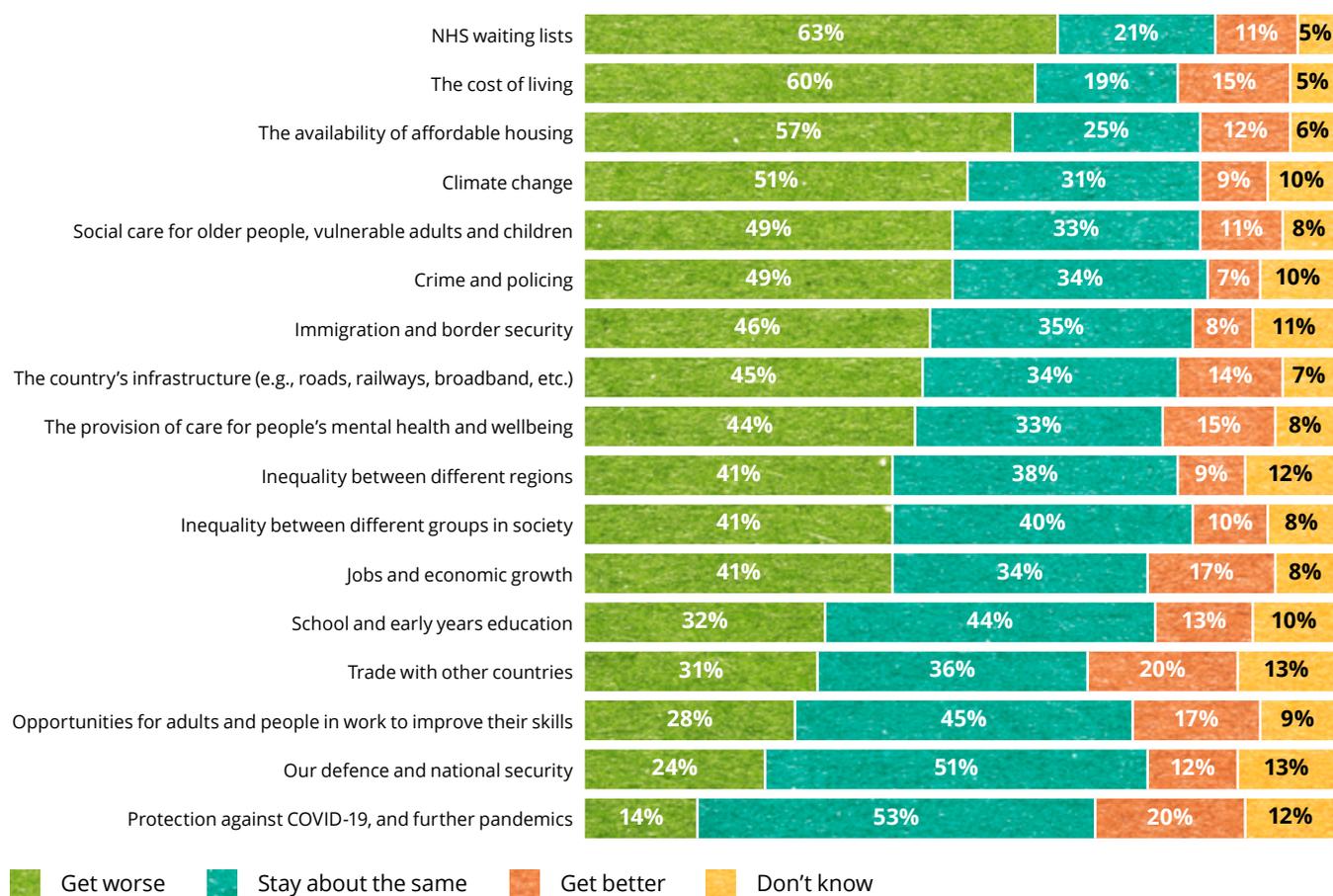
Our survey asked the public what they expected to get better, worse or stay the same in the years ahead, and the chart summarises their responses.

Perhaps inevitably after years of disruption – and not least the COVID pandemic and the cost of living crisis – the Scottish public are in a pessimistic mood.

While pessimism is fairly consistent across all nations of the UK, it is marginally worse in Scotland and Northern Ireland. Some 63 per cent of the Scottish public expect NHS waiting lists to get worse in the years ahead, 57 per cent think the availability of affordable housing will worsen, and 51 per cent expect climate change to get worse. In comparison, 59 per cent of the UK public expect NHS waiting lists to get worse in the years ahead, 53 per cent expect the availability of affordable housing to get worse and 49 per cent expect climate change to worsen.

However, there are some encouraging signs. The percentage of the public who believe the cost of living crisis will get worse has dropped from 75 per cent last year to 60 per cent in our latest survey.

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



Base: 821 Online Scotland adults 16-75

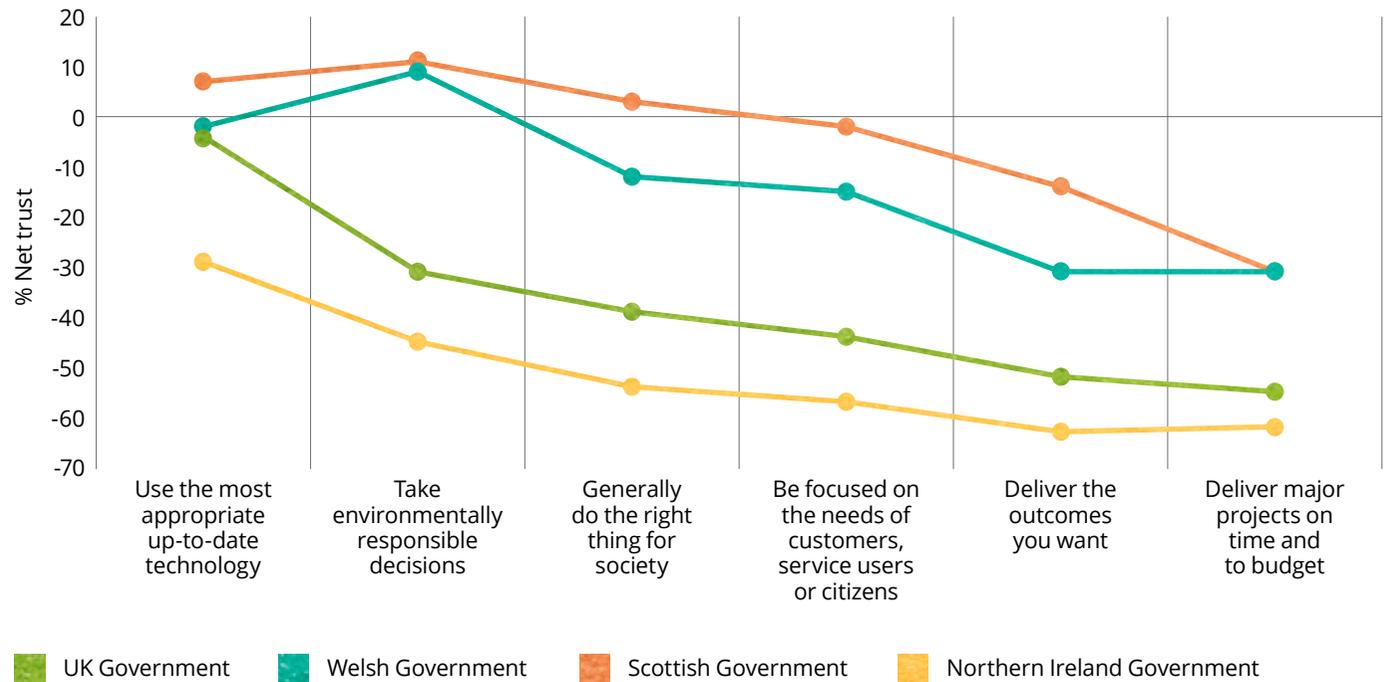
The Scottish Government is the UK's most trusted national administration among its own citizens

Our *State of the State* survey finds overall trust in government and public services continuing to decline. Across most factors, trust has dropped since our last survey.

However, Scotland is now the most trusted central government administration in the UK among its own citizens. It takes last year's top spot from Wales as the past year has seen trust in the Welsh Government drop by double digits.

While that might seem encouraging in relative terms, trust in the Scottish Government has fallen across most measures since our 2022 survey. In the last year, trust in how the government is using up-to-date technology, focusing on customer needs, delivering outcomes and in the delivery of major projects have all fallen by six percentage points each.

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



Base: 5,813 Online UK adults 16-75

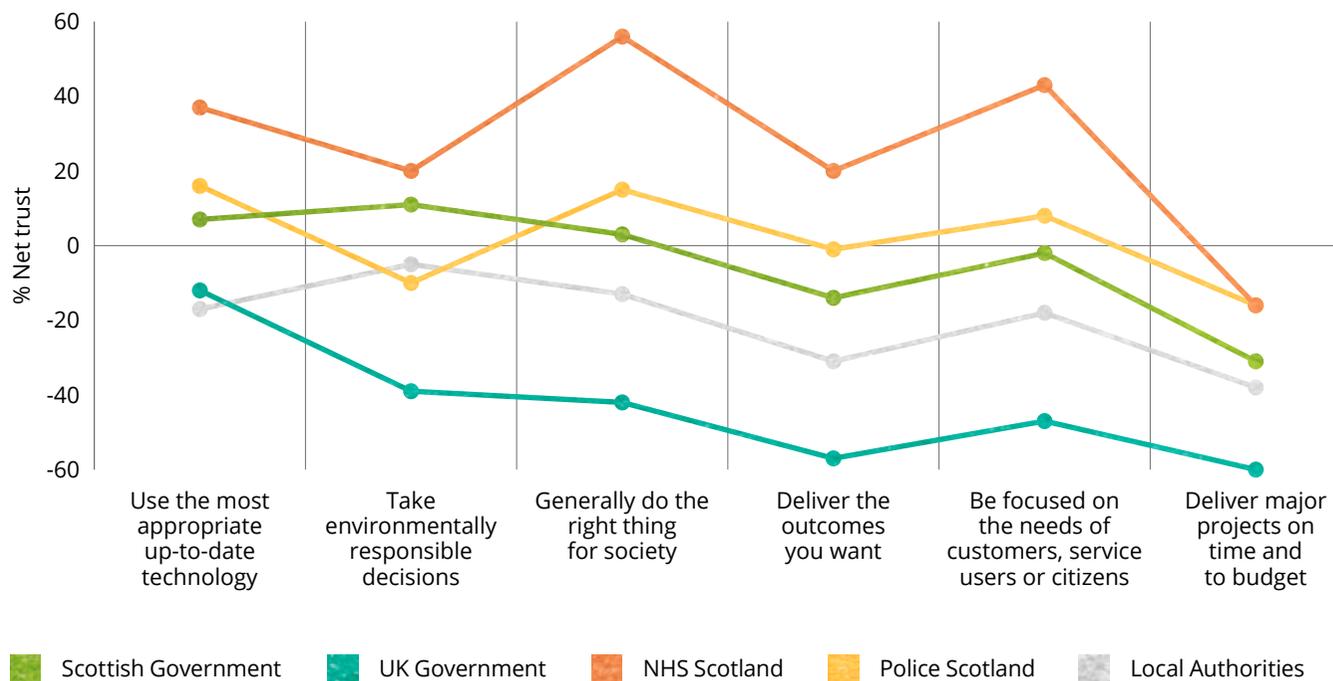
The Scottish public trusts local services more than they trust central and local government, as the chart illustrates.

Again, despite falls across the board, the NHS and police enjoy higher levels of trust than local and central government, particularly around doing the right thing for society.

However, the Scottish public, as elsewhere across the UK, continues to believe that the public sector does not excel at delivery. In the last year, public trust in the police to deliver major projects has fallen by nine percentage points and the NHS is down by eight percentage points.

There have also been significant declines in the past year in the Scottish public's trust for public services to deliver the outcomes that they want. Trust in the police to deliver outcomes has fallen by seven percentage points, and trust in the NHS and local authorities has also fallen by six percentage points each in the last year.

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



Base: 821 Online Scotland 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 ranks their responses.

The top answer by some margin was ease and speed of access. The second most popular answer was accountability, suggesting the public simply want services that deal effectively with complaints. 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 the quality of services.

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

In contrast, lower-ranking priorities include collaboration with the private or voluntary sectors, data sharing between agencies and personalisation. That suggests the public has limited interest in how public services are shaped and delivered – just the outcomes. And just 23 per cent think a top priority for public services is to offer more choice.

Use of digital technology comes surprisingly low down the public's priorities. Again, this suggests the public has limited interest in how services are delivered. From the perspective of the service provider, digital would in fact be a vital enabler to drive all the elements that the public prioritise.

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: 821 Online Scotland adults 16-75

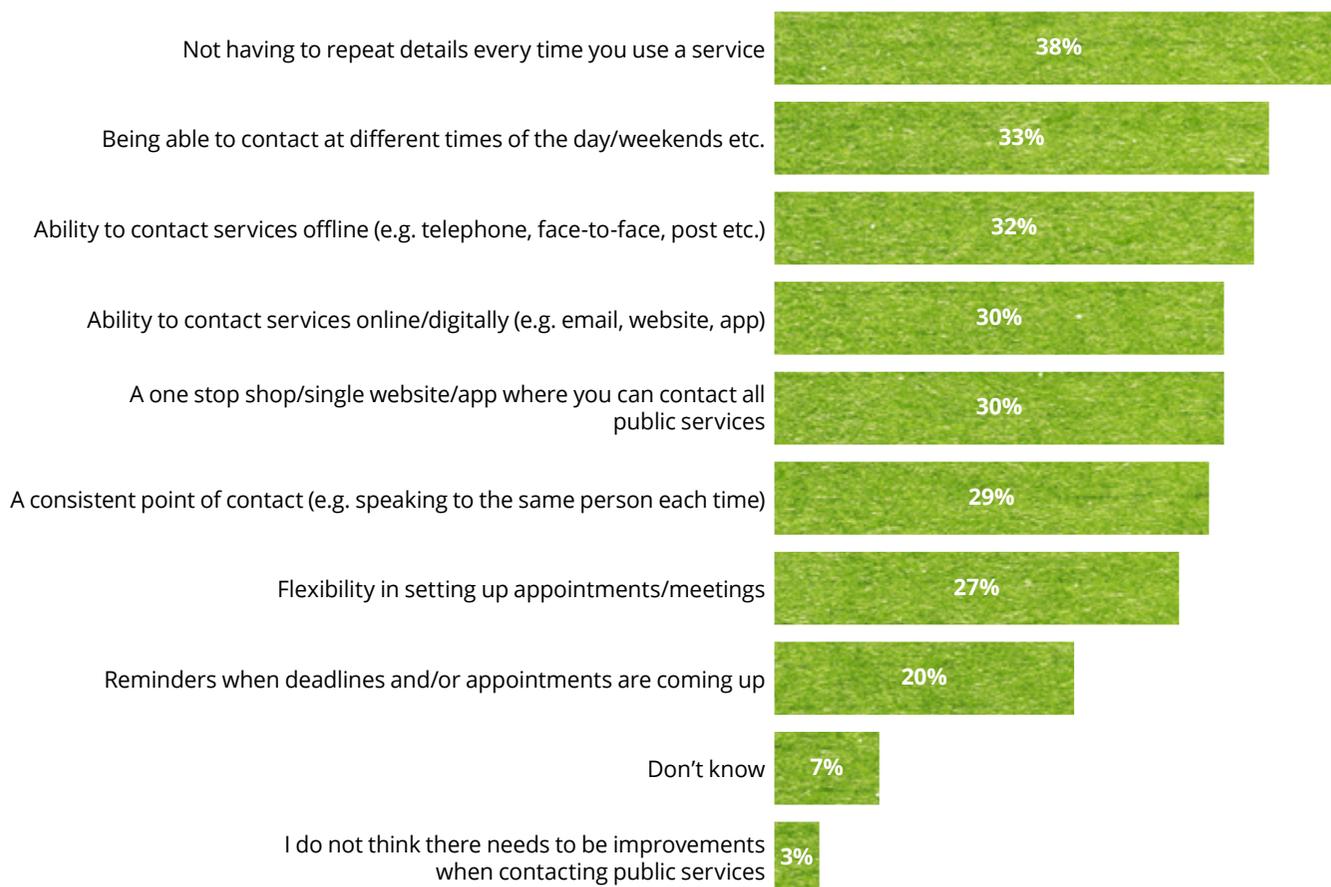
Our survey also asked the public to name its priorities for improving communications with public services.

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 a third of the public, were being able to contact services at different times of the day and being able to contact services offline. Consistent points of contact, flexibilities around appointment times, and deadline reminders come lower down the order of priorities.

All of this points to the public wanting a decent level of basic customer service, yet there appears to be an acceptance that the public sector may not be able to offer many flexibilities.

However, 32 per cent of the public said that contacting services offline – by telephone or face-to-face – needs improving. Given that much of the sector is pursuing a shift to online channels, it could be that public expectations will need to be managed.

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: 821 Online Scotland adults 16-75

An aerial, black and white photograph of a group of people walking on a bright red carpet. The people are scattered across the frame, some walking in pairs, some alone, and some carrying bags. The carpet is a vibrant, solid red, and the people are in various poses and directions, creating a sense of movement and activity.

Insight from public sector leaders

Insight from public sector leaders

This year, we interviewed over 100 leaders across the UK to inform our *State of the State* research. They told us that the successive crises 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 government and public services need to change. They told us that its aspirations are too often beyond the reality of its resources, 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 our observations from the research interviews in Scotland.

Relationship status: it's complicated

Inevitably, interviewees reflected on the politics of both Holyrood and Westminster in our research discussions. Some argued that Westminster and Whitehall have encroached on devolved matters in recent years, for example, through arrangements around 'levelling up' or 'inclusive growth' funding.

When I look at the political churn, when I look at the chopping and changing of priorities here in Scotland and across the border, there has been an enormous amount of flip flopping.

Finance Director

Accessibility in Scotland is absolutely different. You can see ministers walking down the road. Parliament knows it shouldn't become like Westminster.

Public Body Leader

The UK Government are increasing their presence in devolved matters. It was like they used funding as a trojan horse to get into devolved territory, but it does bring money so it's hard for local government and the voluntary sector not to engage with it.

Third Sector Leader

Several leaders talked about the relationship between the Scottish Parliament, Scottish Government and local services. Some told us how decision-makers and legislators in Scotland are much more accessible to public sector leaders in Scotland compared to London. Most saw that as positive, but one interviewee argued that it made tough choices in Scotland more difficult, not less.



Council interviewees told us that relations between central and local government have strained in the past year. They said that the Verity House Agreement that sets out a partnership arrangement between the Scottish Government and local government is a welcome development – but the subsequent decision to freeze council tax shocked local government and was seen to undermine the agreement.

The relationship between the Scottish and UK governments feels probably the most challenging I've experienced in my career. At a working level it's still pretty good but it's at risk of being poisoned by the politics. There are concrete examples of the UK doing things in the devolved space.

Senior Civil Servant

The Scottish Parliament is Scotland's biggest community centre, with talks and meetings going on every night. It's a porous institution.

Public Body Leader

There is an issue of trust between the Scottish Government and Local Government. The Verity House Agreement has been published but the announcement about freezing council tax has caused a right stooshy.

Council Leader

The problem in Scotland is that we're too close to the politicians. You can just pick up the phone. England doesn't have that, and it might help to make more difficult decisions.

Health Leader

You've got some organisations that say if you deal with both governments, you can have a proper conversation with the Scottish Government but there's not the chance to have a proper conversation with a Whitehall department.

Third Sector Leader



The state of the public finances makes tough choices inevitable

While our survey found the majority of the Scottish public expecting government spending to remain at current levels or go up, officials from across the sector told us that they expect it to go down in the short to medium term.

Public sector is good at gearing up like in COVID but is not very good at gearing down. The Scottish Government has got quite bloated and doesn't seem to be bringing that down, not least with no compulsory redundancies. We can't put up our prices like businesses can to offset inflation. We're modelling some grim scenarios.

Senior Civil Servant

Birmingham is not that far away from some of the local authorities in Scotland.

Local Authority Finance Director

In December 2023, the Scottish Government set out its budget proposals amid what has been described as the most challenging financial conditions in the history of devolution. It is anticipated that there is around a £1.5bn funding 'blackhole' between expected income and existing spending proposals.

Leaders across government and public services told us that the cumulative impact of heightened service demand, demographic shifts, the COVID pandemic, workforce shortages, the cost of living crisis and pay disputes have left their organisations under immense financial strain.

Public finances in Scotland are in an absolutely perilous state and we're expecting a very serious squeeze right across the public sector.

Agency Director

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.

Finance Director

Many told us that their organisations and departments are dipping into reserves to pay for day-to-day service delivery and are spread too thin across what they currently deliver. They all agreed that there needs to be a concerted effort to start prioritising and making deliberate choices about what they as a sector should and should not do.

The fundamental issue is that public services cost too much money and Scottish Government has a funding hole, and they have very few levers to reduce that. Even if they increase income tax it would be a drop in the ocean to what they need.

Public Body CEO

We're raiding that rainy day fund to pay for the here and now.

Health Leader

Scotland has substantial strengths to leverage

While our research discussions explored serious challenges for Scotland's public sector, interviewees were undoubtedly optimistic for Scotland's future. They talked about the country's strengths and how it's vital to protect, enhance and leverage them in this age of global competition.

Scotland's USP is our neutrality, our safety and our stewardship. These things make Scotland unique – there's something powerful in that.

Public Body Leader



We have a funding regime in university education system that isn't sustainable. We're pushing students out in order to attract in foreign students and finance.

Government Agency Chief Executive



Those strengths include Scotland's higher education sector. Some interviewees argued that its funding regime needs rethinking while others wanted to see universities part of an updated, wider skills strategy focused on employability.

The UK and Scottish economy has been pretty sluggish, but if you look at the trade stats, Scotland is doing pretty well. Scotland is outperforming the rest of the UK at the moment.

Senior Civil Servant



In Scotland, one of our strengths is that skills-based human capital – but the skills system needs a refresh and there have been reviews into it. Change needs to be actionable and implementable – and quick.

Government Agency Chief Executive



Others talked up Scotland's soft power, saying that the country's stability made it an increasingly important voice both regionally and internationally. Several added that Scotland has a pivotal and symbolic role to play in transition to greener energy, given the country's oil and gas sector.

The big opportunity for Scotland is around the net zero energy transition piece. There is potentially a really big prize but it's a tight window of opportunity. It's very time critical – we're talking the next 18-24 months.

Senior Civil Servant



There's a need for systemic change rather than 'tinkering around the edges'

Every leader we interviewed in Scotland and across the UK was clear that government and public services need to change – and that change needs to be fundamental.

There's a tension in public sector reform with the need to effect lasting change and the financial position of government.

Senior Civil Servant



Think of all the services like swimming pools that could stop people going to the NHS. We talk about prevention but the very services that help prevention are just being cut.

Local Government CEO



In Scotland, interviewees talked about the need for meaningful reform, especially during these difficult financial times, to allow the sector to prioritise, work towards a collective vision and enhance its ability to deliver.

We're going to focus on fewer things and doing them well. Our resources mean we have to come out of things where we're spread too thin although we've not quite nailed that yet.

Public Body Leader



Lack of clarity or intention around reform is not unique to us.

Public Body Director





Some said they are frustrated at repeatedly having the same conversations about the need for bold reforms, only to see minimal changes made or, as one interviewee said, “tinkering around the edges”.

We look at other bits of the public sector doing their own reforms and we’re doing ours and I think we can’t do this alone.

Local Government CEO

On the public sector reform agenda, I haven’t seen anything to suggest it will be any different this time.

Public Body Leader

Several called for greater investment in preventative measures across public services, which they sensed had been scaled back due to budget constraints.

There’s 131 public bodies in Scotland that weren’t there when local government was created.

Local Government CEO

There is lots of clutter in the landscape, and the Scottish Government is the biggest culprit of that.

Public Body Director

Health and social care remain in a critical condition

More than a decade of disruption has left many public services in varying degrees of financial distress and straining to deliver business as usual. That includes the NHS, and multiple leaders told us that the health service is in the worst state they have ever experienced.

We're going to have to look at a health system where there is a national insurance type scheme where people need to pay more or less depending on what they earn.

Agency Chief Executive Officer “

People in health and social care are broken, but we've got used to being broken.

Health Leader “

Since our last *State of the State*, the plans to establish a National Care Service in Scotland continue to develop. Nonetheless, many of our interviewees agreed that reform of the NHS and social care is still urgently required in one form or another.

COVID accelerated the idea that people are comfortable with accessing doctors and other healthcare online. The genie is out the bottle. The problem now is that people want 300 wishes, not three.

Senior Health Leader “

I feel like the NHS has been put on such a pinnacle it's become impossible to reform.

Health Chief Executive Officer “

Several interviewees told us about a growing gap between public expectations and the reality of the health system.

One senior figure said that COVID had positively changed the public's perceptions on accessing healthcare online, however people are now expecting more and more access. Most argued that the health and social care landscape needs fundamental reform – but discussions about changing the NHS are taboo.

I've heard that there will still be a National Care Service but I think it's going to look very different than what was outlined a few years ago.

Local Government Chief Executive Officer “

I think we are pushing problems around. There needs to be fundamental changes to the way things are delivered.

Health Leader “



Digital continues to evolve across the public sector

Over the past decade, there has been significant progress in the public sector's adoption of digital technology. *The State of the State* has commented on the sector's evolving relationship with digital throughout, and our latest report finds that this relationship continues to mature into part of government's mainstream thinking.

There has been an increased reliance on technology as a result of the impact of COVID on ways of working. Because of this, we are debating the current estate strategy ... can we reduce this over time and where do we find the right balance of this?

Senior Civil Servant

We can have a vision but do we know what that means in practice.

Public Sector Chief Executive

Despite the strides made in the use of digital technology by government and public services, our interviewees acknowledged that its potential has not yet been fully realised. Many noted challenges around legacy IT issues, the need for interoperability between public sector systems, weakness in data architecture, sustained investment, and the difficulty of securing a skilled workforce.

What is less well understood is the need for ongoing investment in digital technology and the required skills. It needs to be maintained and then enhanced in the future.

Public Sector Director

There are generations of leaders who really don't understand how it all works.

Public Sector Chief Executive



Public sector leaders with ambitious digital goals shared their vision for the future of government. They see a public sector with joined-up data, interoperable systems, the ability to use Artificial Intelligence and a focus on pre-empting citizen needs with minimal input. However, they acknowledge that achieving this requires strong leadership, investment, and skills to drive these programmes of work.

Leaders well-sighted on digital told us that the UK Government and devolved administrations have 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.

In a nutshell, the future of our industry regardless of where we are globally is going to be driven by deep data, AI, digital and technology investment and capability.

Public Body CEO

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 as outlined in its Climate Change Act (2019), and currently its Circular Economy Bill is passing through Parliament.

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 what [sustainability means for consumers](#).

Key takeaways

- Three-quarters of the Scottish public lack confidence that the UK will reach net zero by 2050. People in Scotland however are marginally more optimistic about the Scottish Government's ability to deliver net zero.
- The public know that reducing emissions relies on shifting energy away from fossil fuels, but 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 25 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.
- Public sector leaders were quick to point out that the UK's overall 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.
- 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.
- Officials believe that a major national campaign is needed to engage the public in behaviour change and their role in transition to net zero.
- 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?

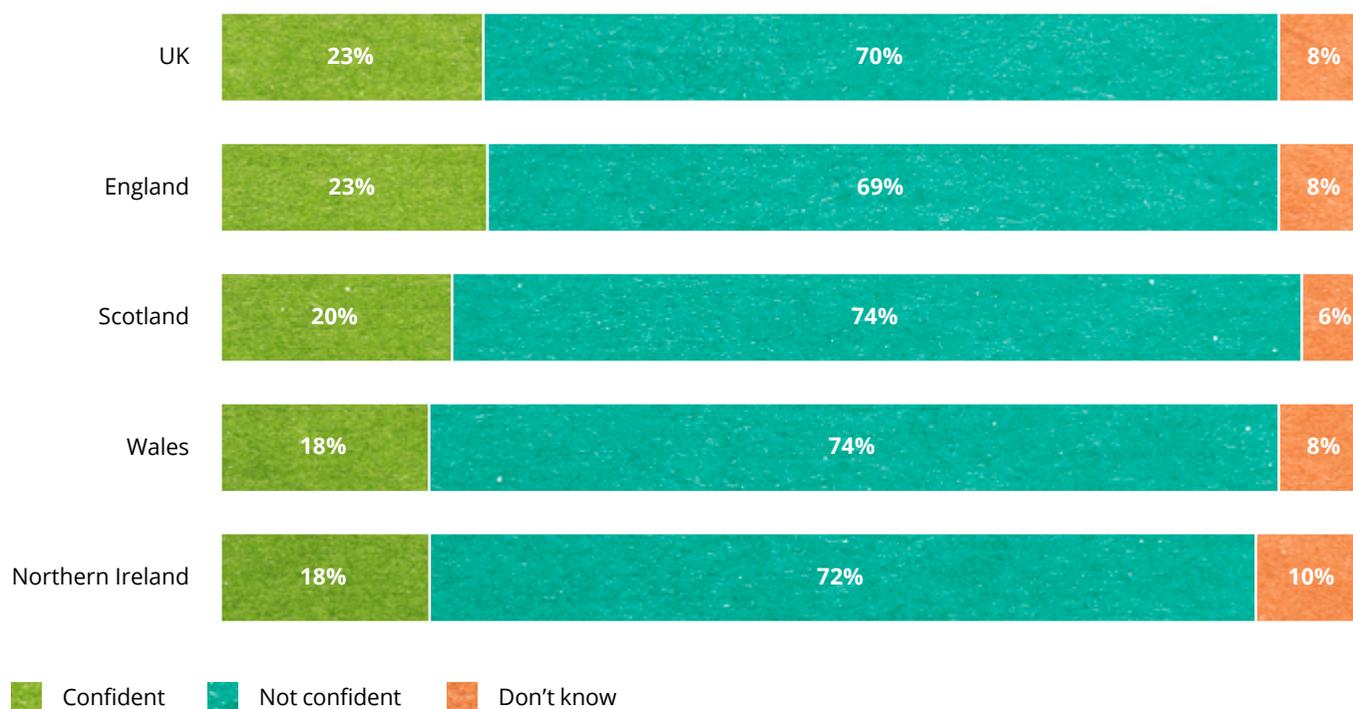
The first part of our assessment of the road to net zero explores the citizen view.

It is based on an exclusive survey of 5,815 UK adults by Ipsos UK, with 821 responses achieved in Scotland. Please see [page one](#) of the report for more on our methodology.

The Scottish public lacks confidence that the UK will meet 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 around three-quarters of the Scottish public lack confidence that 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?



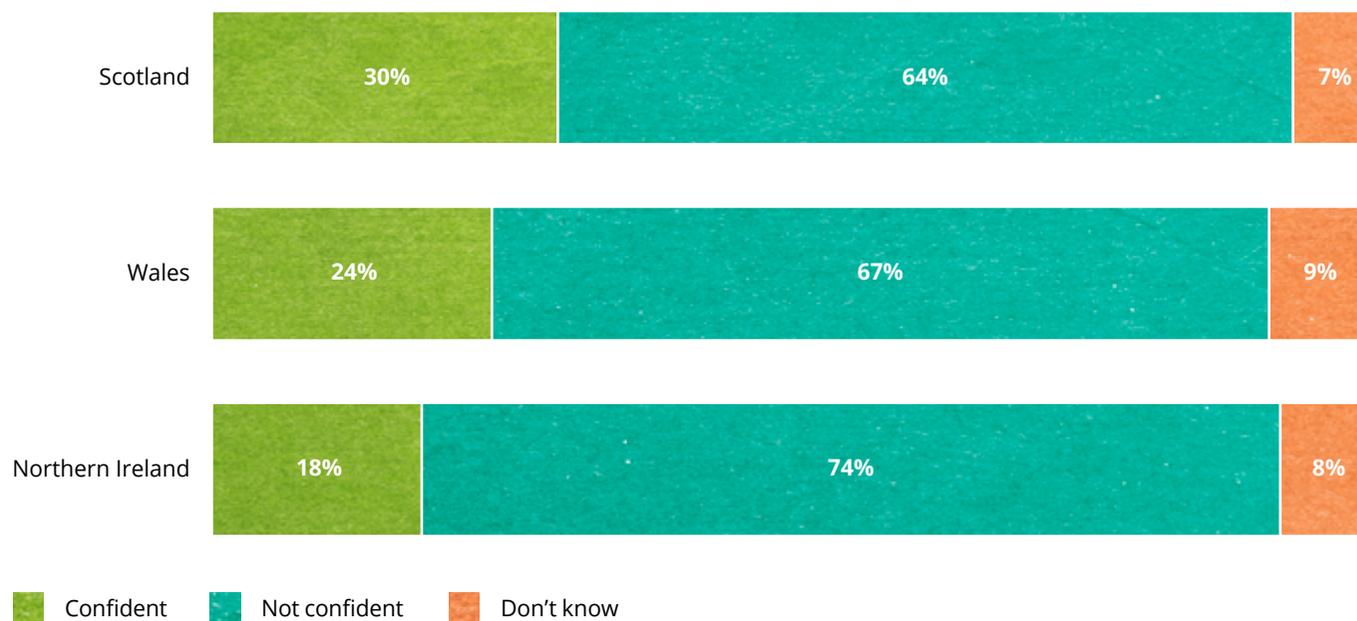
Base: 5,815 Online UK adults 16-75

We also asked people in Scotland, Northern Ireland, and Wales about confidence in their respective governments.

Overall, people in Scotland and Wales are marginally more optimistic about their government's ability to deliver net zero – although the majority still lack confidence that 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?



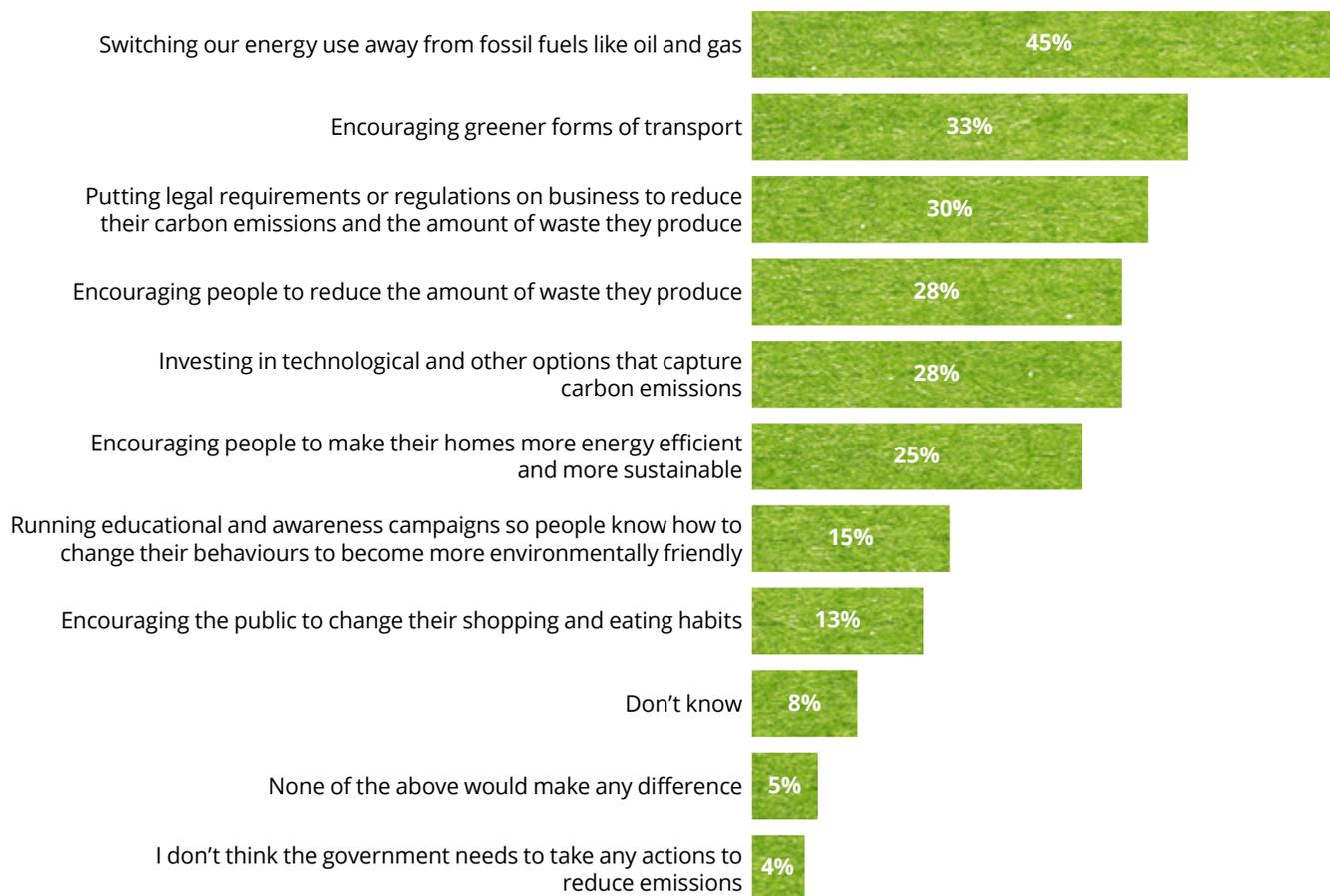
Base: 5,815 Online UK adults 16-75

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 is to switch energy use away from fossil fuels, the second is to encourage greener transport and the third is to regulate business.

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 13 per cent think that encouraging people to alter their shopping habits will make a difference.

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: 821 Online Scotland adults 16-75

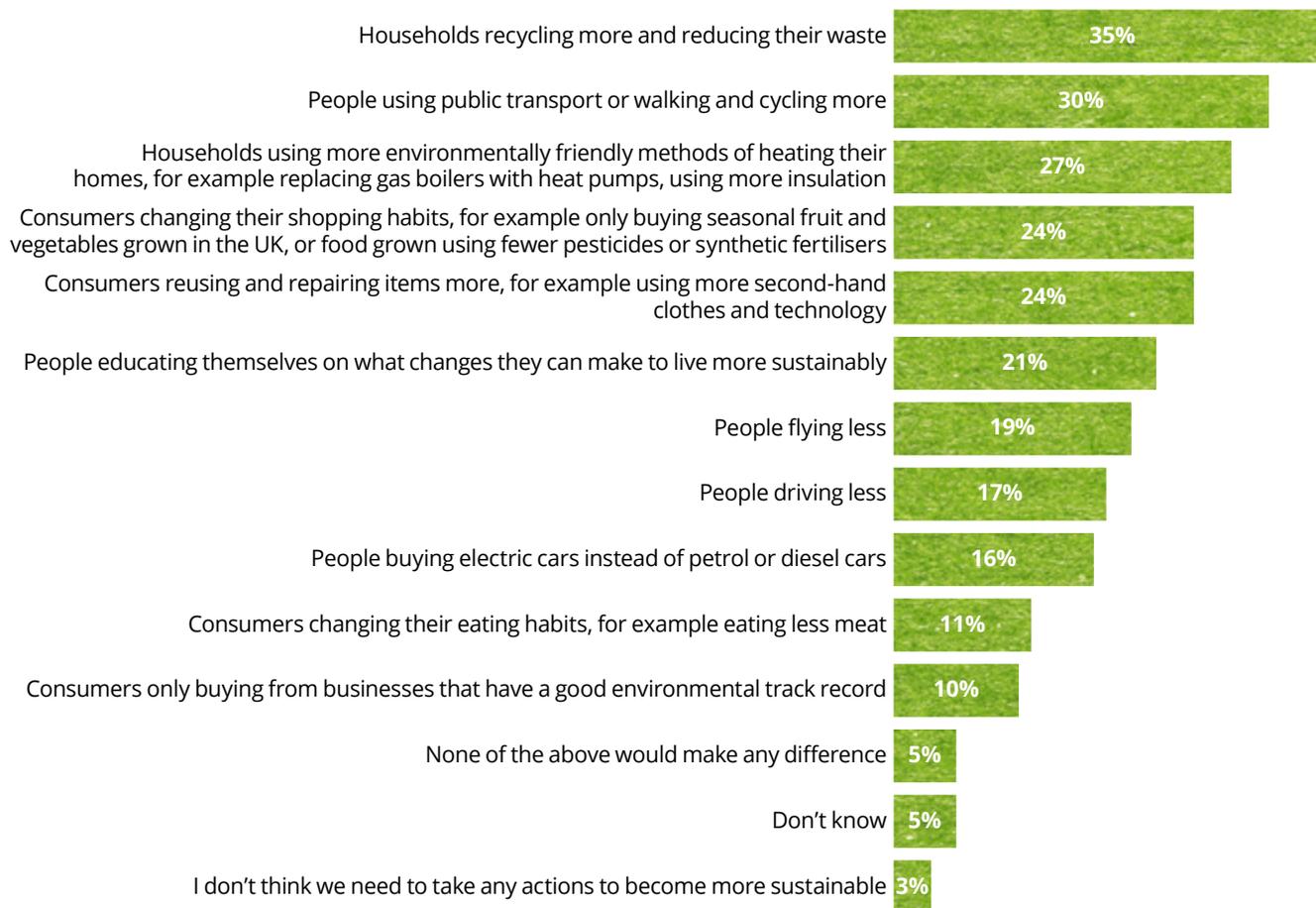
The public thinks sustainable living is limited to recycling.

Our survey asked the public what actions they can take towards a more sustainable lifestyle. The most popular answer is to recycle more household waste, with over one third of the Scottish public saying this.

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 reusing and repairing items more or sticking to seasonal produce were only seen as worth doing by a quarter of the Scottish 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: 821 Online Scotland adults 16-75

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

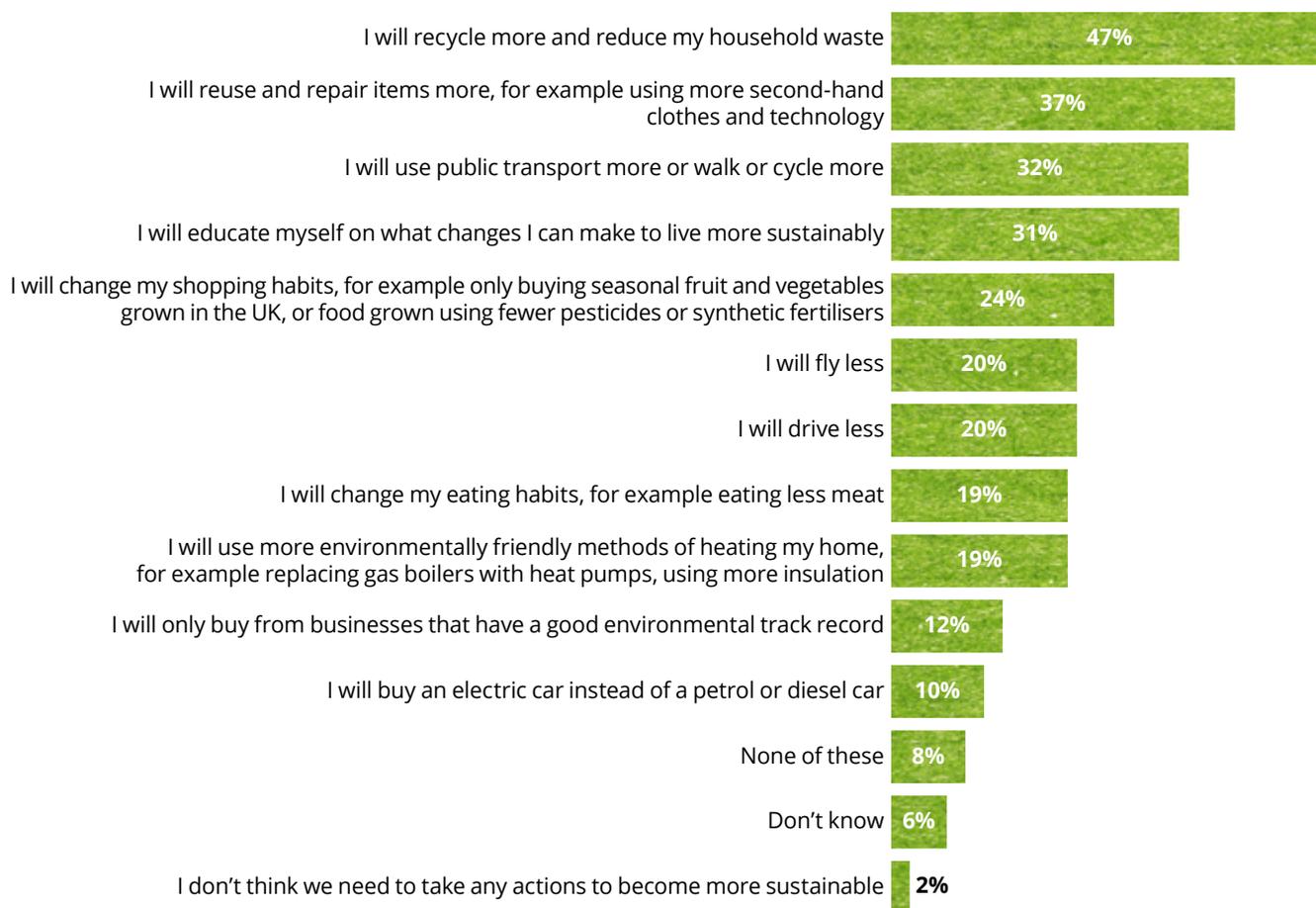
Again, recycling was by far the most popular answer with almost half of the Scottish public expecting to do more in the years ahead. As the chart shows, the next most popular responses were to re-use or repair items and then to walk or use public transport more. Again, few people expect to make bigger changes to their lives. Just 19 per cent expect to change their home heating and 10 per cent expect to buy an electric car.

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 and devolved governments are unlikely to hit their respective net zero targets. 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 that suggests households and individuals will indeed need to make significant changes in the years ahead. All of this points to a conclusion that governments will need to convince the public that net zero 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.



Base: 821 Online Scotland 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 across the UK including senior civil servants, council chief executives, NHS leaders and others from across government and public services. Their views are of course their own and do not represent the views of Deloitte, Reform or any other organisation – please see [page one](#) of the report for more on our methodology.



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.

Interviewees said that due to Scotland's 2045 target and position in the transition to net zero, it is increasingly front of mind across government and the wider Scottish public sector.

However, many argued that net zero, as well as wider environmental and sustainability measures, including the move towards a more circular economy, need to be more embedded into every decision and programme across the sector.

One senior civil servant stressed that the window of opportunity for Scotland to seize the economic and wider benefits of the transition is time critical.

The big opportunity for Scotland is around the net zero energy transition piece. There is potentially a really big prize but it's a tight window of opportunity. It's very time critical – we're talking the next 18-24 months.

Senior Civil Servant

We are operating in a slightly different environment in Scotland than elsewhere in the UK due to the different legislative targets.

Finance Director

Net zero will come at a price and no-one knows who's paying

Many interviewees raised a critical question around public spending and net zero. They told us that transition will come at a substantial cost to the public purse and at present, there is limited indication of how it will be funded given the current state of the public finances.

Some reflected that, as in other areas of government delivery, financial commitments need to match net zero aspirations.

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 is not just about the emissions we pump out.

Finance Director

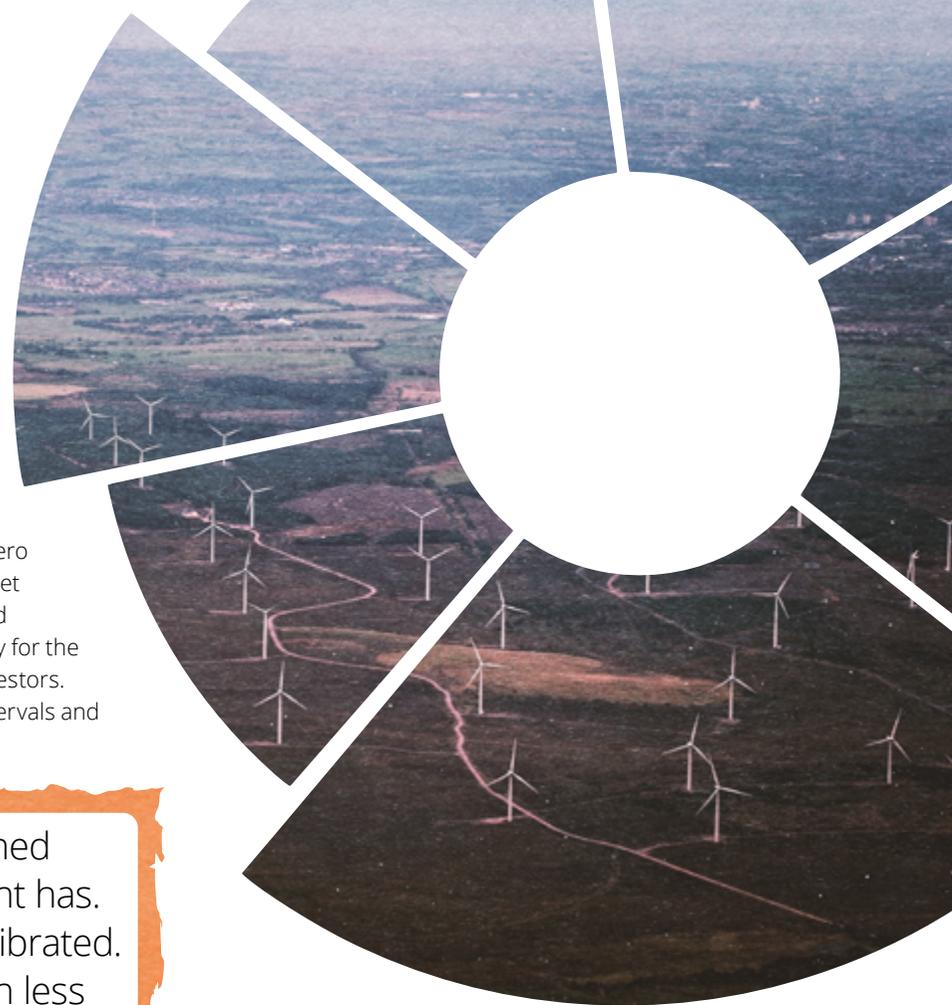


The commitment hasn't waned but the financial commitment has. The target hasn't been recalibrated. The government is putting in less money but is still saying that they will meet the target.

Finance Director



Overall, our interviews point to the need for governments across the UK to set out a clear and credible approach to how they will fund the net zero transition. 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.



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.

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



We're trying to decarbonise our fleet but that's really challenging. The technology isn't quite there. We haven't abandoned our hydrogen strategy but we're focusing more on electric.

Local Authority Finance Director



Leaders we spoke to are aware that their buildings will need substantial investment to reach carbon neutral standards. One interviewee told us that you could continue to 'throw money' at their buildings, but 'you would never get them where you need them to be'.

Others said that many of their buildings have historical interest so they are limited to what changes they could make. Those in local government also warned that the cost of retrofitting their housing stock will outweigh short and medium-term financial benefits.

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

Council Director



Interviewees also told us that electrification of their fleets was not only a sizeable challenge but a complex one. 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.

Many said that the full transport structure needs rethinking, but transformation of the scale required is fundamentally difficult when budgets are tight and only set for the short term. The nature of transport, they argue, requires longer term financial certainty and planning.

We own a whole suite of 18th and 19th century buildings which are not even remotely energy efficient. There's also the issue of some of these buildings having historical interest.

Higher Education Leader



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 that will change their lives in the next few years. While 46 per cent of the Scottish 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 Scotland and the rest of the UK is to meet its net zero targets.

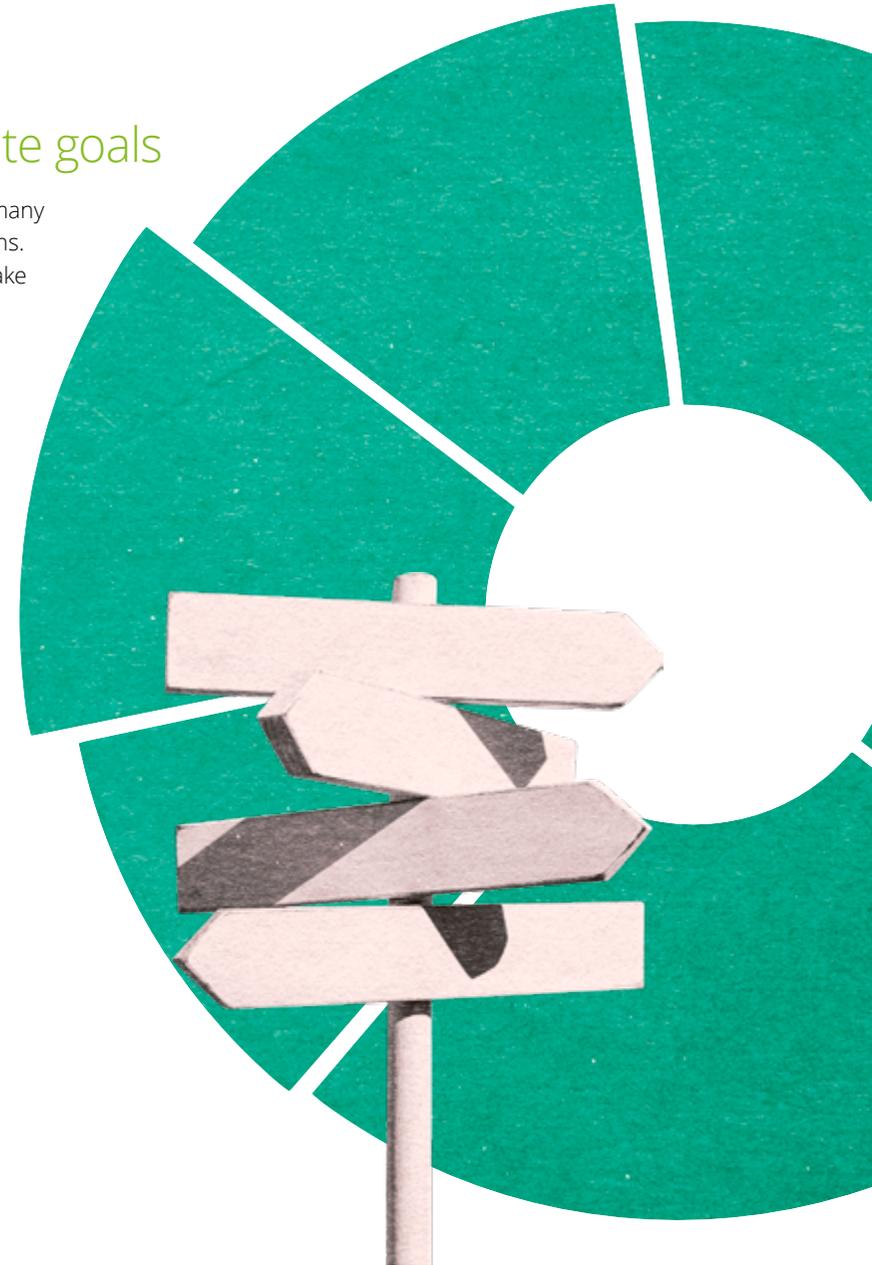
There's a lot of public kickback on net zero now, so how do you bring the public along on the journey?

Council Chief Executive



Public sector leaders are alert to this contradiction, and many told us that governments need 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.



Conclusion: lessons for the Scottish public sector from within



Conclusion: lessons for the Scottish public sector from within

For the past decade, government and public services across the UK have faced successive disruptions: austerity in the wake of the global financial crisis, uncertainties around independence debates, the complex implementation of Brexit, the unprecedented battle against COVID and the stark challenge of the cost of living crisis.

Each of those disruptions has come with wider implications including increases in demand for public services, workforce disputes, debates on hybrid working and the inflationary erosion of public spending power. And all of this has happened against a backdrop of fractious domestic politics – in Holyrood and in Westminster – as well as increasing global uncertainty and regional conflicts with international ramifications. The past decade has been one of change and challenge that has left a legacy on Scotland's society and its 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 Scottish public's outlook for the future, faith in government and even expectations on public services. But at the same time, there are clear reasons for optimism: trust in the Scottish Government is relatively buoyant and fears about the cost of living have gone down over the past year.

Our interviews with public sector leaders in Scotland also reveal the lasting impact of the previous decade. 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 the public sector tries to do too much given the limits of its resources, so they want to see government prioritise more effectively and concentrate its attention on the most important issues facing the country.

Many said that years of crises have left them locked into short-term, tactical responses yet many of Scotland's challenges require long-term thinking, planning and funding.



Our interviews with 100 public sector leaders, in Scotland and every other nation of the UK, surfaced lessons for the future of the public sector from within.

Collectively, the interviews point to these five recommendations:

- 1. 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 a complete reset for greater resilience (and sustainability of public services), longer-term thinking and a joined-up, sector-wide plan for the future.
- 2. Drive up public sector productivity by first eliminating ways of working that drag it down.**
Boosting Scotland's public sector productivity will be a vital part of doing more with less. Our interviews suggest that a productivity push should start with addressing ways of working inherent in the sector that drag it down. That means greater prioritisation, longer-term funding arrangements, preventative measures across public services and spending plans that focus on outcomes.
- 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 delivery – 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 public sector's 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. Join the dots – inside and out of government.**
One pervasive issue has surfaced in years of interviews with public sector leaders: the need to join up, both within and beyond government. Civil servants say their departments too often operate in silos; people running councils, police and the NHS say their impact is diluted when they don't work in unison; and leaders from private, public and the voluntary sectors agree that partnerships are the only way to take on challenges ranging from financial crime to net zero. The final lesson from within the public sector is to invest in joining these dots and make it government's business to convene, co-ordinate and collaborate. Getting that right could be a huge step for Scotland to leverage its size and strengths in the decade ahead.

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.

Our interviews with public sector leaders also 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 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. 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 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 local authorities to bring education providers, businesses and trades together to define the skills needed and fund professionals through their training.



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