

Wales

The state of the state

This year marks the 20th anniversary of the referendum that led to Welsh devolution. Those past two decades have seen the Welsh Assembly and Government become embedded in national life, delivering policies that diverge significantly from the rest of the UK.

Such differences will become even more significant in the years ahead – not least as legislation has now devolved control of big ticket powers including the electoral system, onshore fuel extraction and harbours. And in two years' time, a new fiscal framework will give the Welsh Assembly control over income tax rates and take Welsh devolution to a new level.

This year also saw the publication of a programme for government, *Taking Wales Forward*, which sets out the government's strategy for this assembly term to 2021. While the programme may not be as target-driven as plans in Scotland and Northern Ireland, it provides clear priorities and specific commitments that will see Wales further exercise its devolved powers.

As in the rest of the UK, the success of the Welsh Government's plans will require strong engagement with business and *Taking Wales Forward* commits to a new 'economic contract' between business and government. If that contract focuses on meaningful commitments, and receives the necessary levels of energy from both sides, it could make a substantial difference to stimulating growth as well as tackling economic inequality.

For the public sector, *Taking Wales Forward* sets out some significant reform challenges including:

- Developing the regulatory framework for business.
- Establishing a Development Bank of Wales.

- Maximising the value of public sector procurement on the local economy.
- Further integrating health and social care.
- Publishing a long-term plan for NHS and social care.
- Ensuring that health and care services pool budgets and commission jointly.
- Delivering an integrated public transport network.
- Improving public health campaigning.
- Co-ordinating housing, health and social care to provide affordable care homes.
- Expanding the community health and social care workforce.
- Establishing a national academy for school leaders.
- Introducing a strategic planning system for post-16 education.
- Developing a new care delivery model with private and public sector partners.
- Creating a new employability programme.

In our *State of the State* interviews, public sector leaders in Wales told us that their challenges – certainly in terms of financial and demand pressure – reflect those across the UK. As in Scotland, they recognised that the devolved administration had shielded the Welsh public sector from austerity to some extent, but budgets were still heavily constrained. However, our interviewees celebrated that devolution was increasingly allowing public bodies in Wales to differ from those in England – which one council chief executive said was “a sign of maturing government”.

While our interviewees across the UK tended to say that politicians needed to make bolder decisions, our interviewees in Wales said that Welsh Government ministers were ambitious and willing to make difficult decisions. One civil servant said that politicians in Wales “know what needs to be done and they've no problem making the calls”. However, he went on to say that reform is difficult at local level, where “organisations change like an oil tanker where we want it to turn like a speedboat”. While that may be a perspective from one civil servant in central government, many local bodies in Wales have driven significant levels of change in recent years and have clear forward plans. The chief executive of one Welsh council shared his vision for a local authority that better engages communities in co-production of services, is more effectively networked with businesses and more fully exploits technology to maximise its productivity.

On Brexit, as in other parts of the UK, the leaders we interviewed recognised the economic uncertainty it has created but they had not seen any tangible impact. One chief executive said that “If I'm honest about Brexit, it will be important but it feels like a lot of national politicians wasting time. It's having a marginal daily impact”.

Overall, this year's *State of the State* sees the public sector in Wales at a major inflection point. As increased powers become available to the Welsh Government, and the *Taking*

Wales Forward programme rolls out, there is significant potential for the public sector to reflect local circumstances and deliver a more sustainable health and social care system.

While Brexit adds a layer of uncertainty and complexity, the Welsh Government continues to demonstrate ambition to reform and tackle long-standing issues.

Wales has always been socialist so it's more about joining up the public sector rather than bringing in the private sector.

The problem with healthcare is always the political appetite for change. We've got a lot of young, ambitious politicians in Wales. They know what needs to be done and they've no problem making the calls. It's the public sector that can't turn it around. Management and leadership of change is a massive capability gap in Wales.

There are different opportunities in a small country like Wales. At government level, there's huge ambition to do that but at delivery level an organisation changes like an oil tanker where we want it to turn like a speedboat.

It's a sign of maturing government that we can establish a slightly different route.

If I'm honest about Brexit, it will be important but it feels like a lot of national politicians wasting time but it's having a marginal daily impact. But a lot of European regulation covers the 800-odd things we do.

It concerns me that the devo agenda has become a haven for policy wonks. City deals seem to have become a process to satisfy the Treasury and prove you have earned the next tranche of money. How serious is it about devolving power and responsibility? I worry about that.