

In the words of public sector leaders

The UK's public sector leaders are uniquely placed to commentate on the state of the state. As in previous years, Deloitte and Reform have interviewed 40 leading public figures from across England, Northern Ireland, Scotland and Wales including ministers, permanent secretaries, senior civil servants, council chief executives, NHS chief executives, chief constables, police and crime commissioners, chief fire officers, directors of education bodies and non-executives. Their perspectives provide real insight into the challenges facing the public sector and its outlook for the future.

Six consensus themes emerged from those interviews:

1. Brexit brings uncertainty, but public leaders are sanguine.
2. The NHS needs continued transformation as well as funding.
3. Digital transformation is struggling to meet ambition.
4. Demand management is part of a wider issue in the citizen-state relationship.
5. The public sector's future will be more collaboration and a more flexible workforce.
6. Leadership needs to be effective, high-profile, diverse and continually renewed.

These issues are, of course, overlapping. For example, digital transformation has far-reaching potential for NHS transformation as well as for sector-wide demand – but it requires leadership.

1. Brexit brings uncertainty, but public leaders are sanguine

The public sector is highly exposed to the EU and the UK's decision to leave could have significant consequences for it – and not least for the Whitehall departments that need to implement the UK's departure. Many public leaders interviewed for *The State of the State* told us about questions that Brexit raises, but most were sanguine about its implications.

While many of our interviewees were personally disappointed with the EU referendum result, they were pragmatic and ready to show leadership to meet the challenge. A police chief constable said that leaders across the UK “need to stand up, accept the situation and make the best of it”. Those in central government were more anxious. In the UK civil service, one senior figure said that “Brexit has thrown a huge spanner of uncertainty into Whitehall”.

Many commented on the uncertainty that Brexit creates. A council chief executive described the referendum results as starting “an undefined period of instability”. One chief constable noted that no-one yet knows what leaving the EU will do to the UK's public finances but a council chief executive warned that it could “mean another round of cuts and a further shock of austerity”. Other leaders wondered if the departure process would distract Whitehall and others from existing priorities.

The most-cited concern focused on workforce implications. Several noted that the number of EU workers in social care and in the NHS seems limited at around five to seven per cent, but that proportion can rise in some services and uncertainties over their status add to an already stretched situation. An NHS trust chief executive told us that “Brexit has injected enormous uncertainty.”

“While many of our interviewees were personally disappointed with the EU referendum result, they were pragmatic and ready to show leadership to meet the challenge.”

Leaders in the devolved administrations additionally recognised the uncertainty over EU funding for their rural and farming communities and the potential impact on foreign direct investment. A senior figure in Northern Ireland – which has seen exceptional levels of inward investment in recent years – recognised that being part of the EU and being part of the UK have both been factors in attracting foreign companies.

Interviewees in Scotland also noted that Brexit raises the prospect of a second referendum on Scottish independence. The director of a national public body said that meant her “view of the next five years is muddier” than she would want, with Brexit “adding layers of uncertainty and complexity.” A director in one of Scotland’s largest councils reflected that “the independence referendum saw stagnation” that could be repeated and “other stuff will get pushed down the priority list.”

Education leaders raised concerns about universities. One senior figure said that “higher education is where the Brexit frenzy is happening” and the director of a national education body told us that Brexit raises questions on the future of university research funding through the EU’s Horizon 2020 programme. She went on say that “the UK’s research-intensive universities do very well out of Horizon 2020. It may be that we can still join in with that. It may not.”

Interviewees from local government told us that they are concerned about Brexit’s impact on local economies, not only because of the shift towards business rates for council funding but because recessions increase demand for council services. A council chief executive in the South East said that “Brexit is a worry – for treasury management, for property prices and for workforces. What worries me most is the City of London’s status. If that goes, the rest of the UK economy is not strong enough.”

Some interviewees told us about opportunity for the public sector in Brexit. A local government chief executive said that “Brexit offers an opportunity for a constitutional review in the UK at what level decisions should be taken. If we are repatriating responsibilities, we need to make sure they are restated at the most appropriate level.”

Public sector leaders on Brexit

“Brexit has thrown a huge spanner of uncertainty into Whitehall.”

“Brexit won’t make that much difference. My concern is that younger people won’t want to live in this country and we’ll be losing doctors and nurses.”

“The UK’s research-intensive universities do very well out of Horizon 2020. It may be that we can still join in with that. It may not.”

“Brexit could be financially significant. I just don’t know what it will mean for the public finances. And interest in other things may wane if the civil service is tied up in that.”

“Brexit offers an opportunity for a constitutional review in the UK at what level decisions should be taken. If we are repatriating responsibilities, we need to make sure they are restated at the most appropriate level.”

“We are where we are. We need to stand up, accept the situation we are in and make the best of it.”

2. The NHS needs continued transformation as well as funding

NHS interviewees described an extremely challenged health service. Most were clear that additional funding might provide short-term fixes to current problems, but transformation is also required to put the NHS on a sustainable footing. Many felt the pace of change needs to quicken.

All of our NHS interviewees told us that nationally, health service finances are a pressing concern. NHS trusts ended the 2015-16 financial year with a combined deficit of £2.45 billion with 95 per cent of NHS acute trusts recording a deficit – and our conversations explored why. One trust chief executive told us that “hospitals are full to the gunnels with people who don’t need to be in expensive hospital beds and would be better cared for at home”. The director of a leading health body described current demand pressures as “a hospital sector under siege”. And while the Department of Health has tried to restrict spending on agency staff, one senior figure said that the national cap on costs “is not worth the paper it’s written on” because trusts will not take risks with understaffing and “agencies work around the rules”. Another said that the “the use of agencies is a symptom, not a cause of NHS workforce problems”. Several called for investment to address workforce shortages rather than demonising hospitals for using agency staff to meet immediate needs.

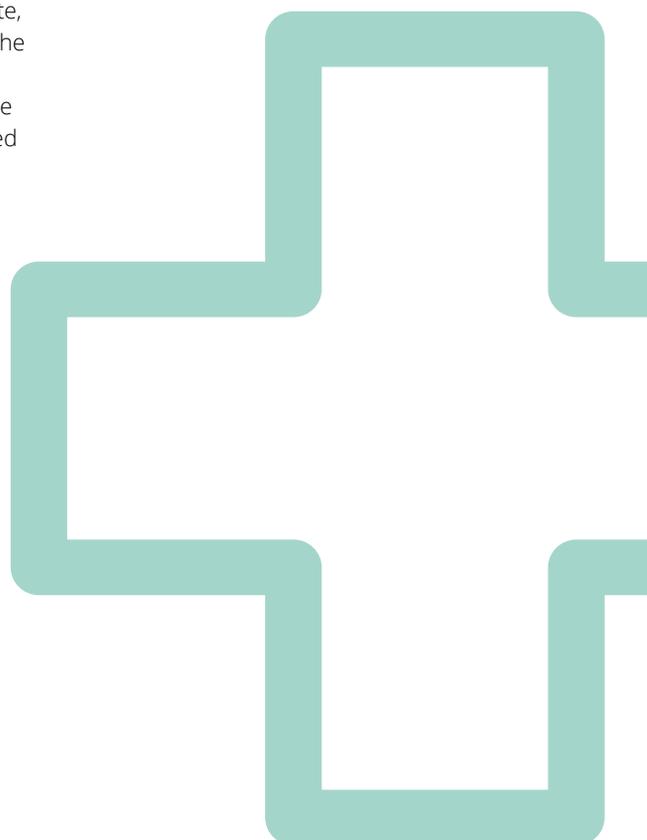
Most NHS interviewees raised concerns about spending cuts in social care and their impact on the NHS. A trust chief executive told us that such cuts “are a deep concern because they loop back to us.”

While the mid-term financial problem is a serious issue – and one NHS leader said that by 2018-19, the health service will be “at a precipice” – many interviewees saw them as symptomatic of more long-standing problems that need to be resolved to ensure the NHS is fit for the future. Some even thought that promises of additional funding, including those made during the referendum campaign, were counterproductive and an “excuse to avoid doing the big stuff” for some NHS trusts. An NHS non-executive told us that “ringfencing has helped but has also been a hindrance in that it’s made people believe they can trundle along”.

Instead, most told us that reform progress in the health service needs to accelerate. Several mentioned the potential of implementing the Carter review, which showed the wide variations in clinical and non-clinical practice across the NHS as well as the potential savings in creating greater consistency. It also sheds light on poor utilisation in the health estate, suggesting substantial potential for the NHS to reconfigure facilities, reduce maintenance costs and move to more modern facilities rather than outdated and inefficient buildings.

Public sector-wide, almost all of the leaders we interviewed told us that they were struggling with digital transformation, but NHS interviewees were particularly vexed by the lack of progress. A non-executive described the NHS as “one of the biggest unreconstructed services” in terms of digital, and went on to question why people are not able to speak to a GP via video calls or routinely make appointments online.

“NHS interviewees described an extremely challenged health service.”



Many interviewees saw greater collaboration between NHS bodies as a source of major savings, in which trusts share support services such as pathology labs within groups by default. Some hoped to see bolder change in which the NHS reviewed whether smaller hospitals were sustainable, restructured “sub-scale” GP practices, or explored how revenue could be raised with charges or premium services. The chairman of one NHS body accepted that such reform is “a national taboo politically – but if you’re writing *The State of the State*, it’s got to be flagged”.

Public sector leaders on the NHS

“Austerity continues to offer protection but with no recognition of demand.”

“Change is really hard because leaders are buried in the day to day.”

“The ringfencing has helped but it has also been a hindrance in that it’s made people believe they can trundle along.”

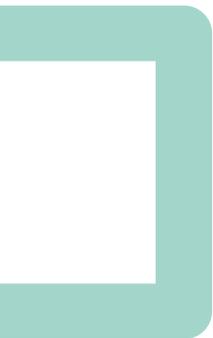
“Politicians keep... saying there may be more money and people will think ‘everything’s alright then, we’ll get more money’. But by 2018, by 2019, we’ll be at a precipice.”

“Hospitals are full to the gunnels with people who don’t need to be in expensive hospital beds and would be better cared for at home or in another setting.”

“The financial challenge facing the NHS is unprecedented in its history. The funding cuts to social services are a deep concern because that loops back to us.”

“We’re getting a mixed message from the department and national NHS bodies. The message is: you’re got to cut costs and get efficiency savings. On the other hand, would you please start collaborating and get into system transformation plans with very little framework around them. So huge risks, huge mixed messages, huge tension.”

“Actually I’m quite optimistic. The NHS enjoys massive support, very high levels of patient satisfaction, a huge number of committed staff and a tremendous amount of goodwill. So the model is not broke.”



3. Digital transformation is struggling to meet ambition

The potential of digital transformation for the public sector has been a recurring theme in *State of the State* interviews for the past three years. Exploiting digital has far-reaching potential for the public sector – not least in better managing demand and facilitating collaboration. However, the tone of our interviews has shifted from ambition to frustration at the barriers to progress and this year, most public sector leaders told us that they want to see digital change accelerated.

Many interviewees told us they felt their organisations should be more digitally advanced than they had been able to achieve. One council chief executive echoed others' views when he said "we're nowhere near where we need to be...digital is very much a work in progress". Another rated his own authority as "four out of ten". A permanent secretary in a devolved administration felt that his department was "always a year away from an outcome".

The same dissatisfaction at progress is evident across most of the UK. In Scotland, the head of a national body said "we're at Digital 1.0, but Digital 3.0 or 4.0 is where we need to be". The Welsh Government's national approach is seen as providing consistency across the country, but a director in one NHS trust told us that her organisation might have moved forward at a faster pace with different priorities. Northern Ireland has seen some of the most focused progress, with the civil service exceeding its 2016 digital targets and now setting its sights on digital transformation in the wider public sector.

Amid the frustration, many leaders have a clear view of the barriers to change. Several told us that their organisations had taken existing processes and made them digital before subsequently concluding that they had missed the opportunity to rethink their systems. A local government chief executive said "we digitised paper systems. We were the worst for that", and another said "we've wasted time digitising systems that weren't fit for purpose in the first place. It's rethinking these systems that will radically improve productivity". A senior civil servant admitted that his department was "seeing the world as digitally-enabled services rather than rethinking a digital world".

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Skills were cited as the most significant barrier to change – not just in recruiting and retaining digital expertise, but in leading transformation. A local government chief executive said that many of his peers wrongly "pass anything digital to the head of IT", concluding that "there's a lack of competency to lead in a digital environment" across the public sector.

Risk aversion and fear of failure were raised by a number of interviewees as further barriers to progress. The leader of a national agency mused that "most people in the public sector would rather die in a ditch than roll out a large IT system. It will end their career". A minister told us that "we're scarred from big IT projects so there's a timidity to push the envelope" and a senior civil servant admitted "we've been burned".

As public leaders learn from experience and work through the barriers to change, they continue to see the potential for technology as an inherent part of their organisation's future. Some talked about the potential for connected technologies in helping elderly people stay in their own homes, thereby reducing demand on public services. Others see the most potential in citizen interaction, allowing the public to make appointments and flag concerns to public bodies online or speak to a health professional via a video call. But many want to see digital technology combined with data to provide management insight. A local government chief executive said "the big digital thing for me is management intel...to develop the culture of a management information brain in the council" and a permanent secretary said "we're basically a big data store and we need to manage that to find patterns" that could inform decision making.

A consensus view emerged on data sharing. A digital leader in healthcare argued that "you can't get away from the fact that healthcare is an information industry that requires the right information in the right place at the right time", but that regulations over data stymied progress. A police and crime commissioner compared data security challenges in the public sector to those in banking, concluding that banks "have secure information and have got away with it". He also laid bare the stakes in making sure information can be shared between public bodies, asking "how many times do we find when a child dies that every agency had a piece of the puzzle? IT is the way to make something happen".

Mobile technology was raised by most police interviewees. Forces have made substantial progress in rolling out mobile technology that reduces the administration burden and the need for police officers to return to stations. While that technological change was not easy, chief constables told us that cultural change has been the hardest part. One chief constable said that in spite of advanced mobile technology, many officers “like to come back... and plug into a wall” and another described a colleague so reticent to change their mobile device that they warned “you’ll have to prise this [phone] from my cold, dead hand”.

Several interviewees raised digital exclusion as a live issue. The director of a national body in Wales warned that society’s ongoing digitisation could widen inequality if people cannot access support to which they are entitled unless they are online. She added that technology can be prohibitively expensive for people on low incomes, including the significant number of older people in poverty.

Public sector leaders on digital

“We’re at digital 1.0 but digital 3.0 or 4.0 is where we need to be.”

“Most people in the public sector would rather die in a ditch than have to roll out a large IT system. It will end their career.”

“We’ve wasted time digitising systems that weren’t fit for purpose in the first place. It’s rethinking these systems that will radically improve productivity.”

“There’s a lack of competency to lead in a digital environment. That’s one of our huge training needs.”

“The progress is all good but we’re seeing the world as digitally-enabled services rather than rethinking a digital world.”

“The problem with digital redesign is: does the sector have the skills?”

“Anyone who has been involved with the public sector will have horror stories to tell about how poorly we’re doing with the digital piece.”

“Digital is very much a work in progress. If we’d carved it up into smaller pieces, we would’ve got more done”



4. Demand is part of a wider issue in the citizen-state relationship

The nature of the citizen-state relationship has been a recurring theme in *The State of the State* interviews over the past three years, and many public sector leaders have been adamant that the relationship needs to change in order to manage down demand on their services. Continued austerity and increased pressure have piqued that view, with leaders now crystallising their thinking about how the citizen-state relationship must evolve in the years ahead.

Demand from citizens is a particularly live issue for police forces. A police and crime commissioner told us that “at the weekend, the police become THE public sector. If a patient goes missing, [NHS staff] call the police. If a car is dumped or rubbish fly-tipped, people call the police. If there’s a noisy neighbour, people call the police”. Some forces have begun approaching their demand management by assessing the risks, solvability and harm levels associated with individual incidents.

At the same time, the nature of crime is changing substantially. Although crime is falling overall, police interviewees told us that child sexual exploitation, organised immigration crime, cybercrime and terrorist threats are continually growing threats – and they require different engagement with the public. A senior policing figure told us that law enforcement organisations need to clarify “what prevent and protect looks like” across the new threats facing UK communities. Just as the police used to encourage burglary prevention by promoting window locks, they now need to design and promote prevention tactics for child sexual exploitation, cybercrime and more.

For policing, visibility to the public represents a longstanding dilemma. A chief constable described in an interview how he was torn on the issue – on one hand, knowing that the public want to see a visible community police presence, but on the other hand, knowing that visibility is not the most efficient way to detect, prevent and solve crime. Another questioned whether a police officer should make physical visits to deal with online crimes, asking “why are we sending police to someone’s house to deal with a problem on Facebook? That’s a virtual problem. Can’t we deal with it in a virtual way?”. These trends raise important questions on police visibility – not just in communities but online as well.

Interviewees from the NHS also told us about increased demand, driven by an overlapping set of factors. A trust chief executive described how A&E attendance has risen along with the rate of admissions through A&E. As he put it, “that’s higher numbers, but increased acuity. We’re seeing frail older people coming to A&E and being admitted with more serious conditions and they are staying longer”. Others raised concerns about demand driven by unhealthy lifestyles, including one leader who said “I don’t think people realise there’s a health contract. They need to look after themselves”.

For local government, rising demand for social care continues to cause concern, and some council interviewees told us that central government was prioritising funding for the NHS while council finances struggled to cope with increased social care costs. More widely, the chief executive of a city council told us that “people’s expectations are increasing year-on-year” and went on to say that “people want the council to solve their problems”.

The need for public sector demand management through interventions such as restricting eligibility or preventative measures is well recognised. However, our interviews suggest that demand needs to be seen as one dimension of the wider citizen-state relationship – and that relationship needs to change. As the leader of a national agency in Wales told us, the public sector is “talking about demand growing for what we already produce, not what people want”. In other words, government and the public services need to understand citizen needs better and focus on outcomes for the public rather than restrict its existing services. Leaders from across the sector told us that they wanted to engage more effectively with the public and develop a more mature citizen-state relationship that would see personal responsibility grow and reliance on state intervention fall.



One chief constable said that the police should “push the boundaries around what we do” and another described an ongoing shift to “policing according to need”. They felt that the police should move away from “being all things to all people” and should signpost demand back to different parts of the public sector where possible.

The chief executive of an NHS trust said that “we need to be giving control back to people, rather than them being reliant on the big, shiny building with ambulances in front of it. That’s a very different culture” and a national NHS leader told us that “the population can be manoeuvred into a sensible place”.

While most leaders focused on their own organisation’s relationship with citizens, others took a wider view. As one minister pointed out, “if people have a good job, good housing and they make a contribution, they don’t get sick”.

Public sector leaders on the citizen-state relationship

“People say we should manage demand. But demand for what? We’re talking about demand for what we already produce, not what people want.”

“We need to be giving control back to people, rather than them being reliant on the big, shiny building with ambulances in front of it. That’s a very different culture.”

“People’s expectations and expectations in terms of quality are increasing year on year. People don’t let you get away with anything but the best service and the best technology.”

“The language has changed massively, that policing is about protecting the vulnerable and reducing crime. It’s more explicitly about policing according to need – and that’s a fundamental shift. The police used to pride ourselves on being all things to all people.”

“Citizen expectations are not being aligned with what’s delivered.”

“What we’re getting towards is engaging people in the whole piece of what they want and more away from a paternalistic environment.”

“I don’t think people realise that there’s a health contract. They need to look after themselves.”

“Communities and the voluntary sector need to have their skin in the game.”

“We need to think: what’s the role of the council versus the role of the citizen? We always used to put ourselves in the role of ‘doing the doing’ but we need to change that.”

“At the weekend, the police become THE public sector. If a patient goes missing, [NHS staff] call the police. If a car is dumped or rubbish fly-tipped, people call the police. If there’s a noisy neighbour, people call the police.”

5. The public sector's future will be more collaboration and a cultural shift

Public sector leaders take a pragmatic view of spending cuts. Many of those interviewed for *The State of the State* told us how they had used budgetary pressure to drive constructive organisational change, but that headcount reductions have taken a toll on morale.

When we asked the chief executive of one council about the impact of austerity, he told us that his authority has “stopped doing stuff and reduced the gold-plated service”. But he was clear that the far-reaching change already driven in the council would not have taken place without the pressure of austerity. That view was echoed by many interviewees.

Our interviews shed light on how the impact of austerity has varied across the UK's administrations. In Scotland, the public sector has not experienced the same pace and depth of spending cuts as England and the leader of one of the country's national public bodies told us “the counterside to that is we're seeing less innovation and less transformation as there has not been that drive”.

In Wales, the leader of a non-departmental body told us that if cuts continue at the same level as last year, she would need to change her organisation's business model fundamentally.

In Northern Ireland, the Civil Service (NICS) has reduced staff numbers by almost a fifth in just two years. A civil servant told us that his teams are “working harder and working longer”, and that morale and capacity to deliver had been affected.

When we asked our interviewees to describe how their organisation is likely to change over the next five years, many talked about two key areas.

First, a number of leaders told us that the next phase of reform for their organisation is a cultural shift. One senior civil servant said “the next big change is culture change. We need a larger risk appetite and to be more creative, more innovative and deliver services in a way citizens want”. A senior local government figure told us that by 2020, she hoped her staff “will be better able to operate outside their comfort zone”. Those same views were echoed by leaders from across the local public services. While they had already succeeded in cutting costs, reshaping their organisation and working more effectively with partners, most told us that changing the culture of their organisation was crucial in meeting their future challenges.

Second, interviewees from all parts of the public services talked about the need for greater collaboration. A chief constable told us that for the police, “by 2020, there will be deep collaboration”. NHS leaders told us that hospitals need to better join up to share common services. And civil servants told us that collaboration needs to be improved between government departments as well as with other sectors. One summed up by saying, “we need to disrespect existing boundaries”.

Some told us that parochialism is a significant barrier to collaboration between organisations. One council chief executive told us that “local politicians can be vain and parochial”, while another said that devolution deals have been causing “some very unpleasant fights and relationships are getting fractured”.

Others suggested that public sector organisations should do more to learn from each other. An NHS non-executive argued that “we've got a ‘not invented here’ culture, so people aren't taking advantage of learning and what works across the system”.

While the public sector leaders we interviewed had relatively clear views of where they want to lead their organisations, our research suggests that there is no single, shared vision for public sector reform – especially in England. One local government chief executive noted that austerity has been “designed without any end point in mind”, suggesting that a positive and ambitious vision would help the sector maintain a common direction of travel during the uncertainty of Brexit.

“The next big change is culture change. We need a larger risk appetite and to be more creative, more innovative and deliver services in a way citizens want.”

In contrast to England, an interviewee in Scotland felt that the Scottish Government has a clearer vision for its public services than the UK Government. And civil servants and politicians in Northern Ireland told us that the Executive had agreed a crisp and clear view of the future through its Programme for Government. These comments suggest that England's public services would benefit from a renewed and shared vision of what they should move towards over the next decade.

Public sector leaders on the future

“By 2021, there will be fewer folk in the civil service. We’ll be more informal and more open plan. I hope it’ll be a bit less risk averse but that remains to be seen.”

“By 2020, if all goes well we will be working much more collaboratively across central government but also working with the local and voluntary sectors. We need to disrespect existing boundaries.”

“By 2020, we’ll have a much more integrated local state, more horizontally integrated. We’ll need a workforce appointed to attributes and less to role.”

“I suspect by 2020, there will be deep collaboration. Some forces can’t survive and I imagine there will be mergers.”

“By 2020, I’d like us to have built sufficient trust in the health and care system to be pooling resources and sovereignty, prioritising care close to home, encouraging prevention and reducing peoples’ reliance on big expensive care facilities.”

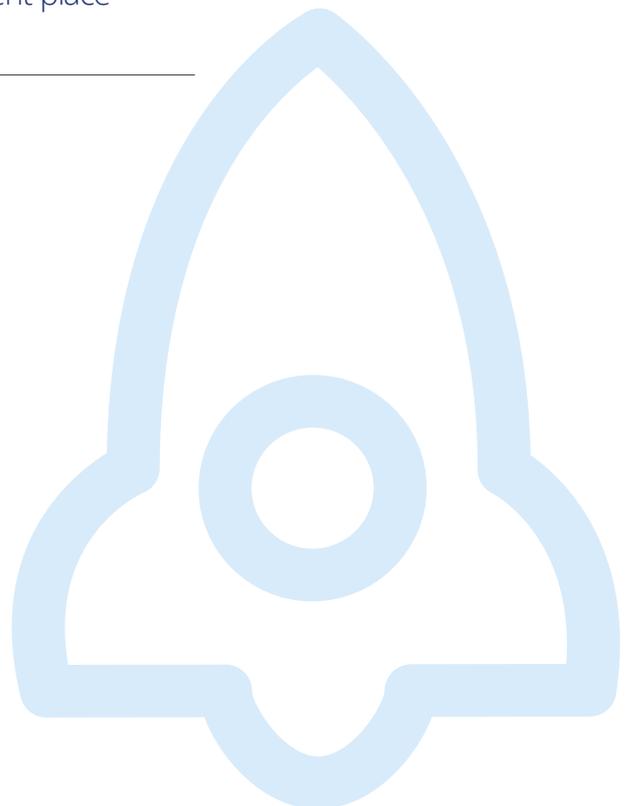
“I’m optimistic for the future, but we need a cultural shift.”

“There is real efficiency to go for in the system, with too many component parts. We’ve got a ‘not invented here’ culture so people aren’t taking advantage of learning and what works across the system.”

“Most universities are thinking more strategically, thinking about what courses they offer and looking at their costs. Higher Education won’t be in a massively different place by 2020.”

“We’re trying to change the mindset. Their mindset is ‘I’ll do this job for a few years and then move up to the next level’. But we’ve taken out layers of management because we couldn’t afford them.”

“Our workforce needs to be much more fluid. We need to develop a workforce that is able to respond and operates in a different model.”



6. Leadership needs to be effective, high-profile, diverse and continually renewed

As leaders in their own organisations, our interviewees were able to share their experiences of leading and managing a top team. Our research found that pressures on public sector leaders are shifting in some subtle but critical ways, and that talent management needs to be energised across the sector.

Many interviewees told us that strong leadership will be particularly important for the public sector given the nature of its current challenges. For the civil service, effective leadership can often mean the ability to drive change and lead implementation. Hence, a senior civil servant told us that “we need to place a premium on effective leadership – that’s key to delivering”. For the local public services, their central challenges include driving cultural change within their organisations, reshaping the citizen-state relationship and improving collaboration. All of those challenges rest on effective leaders that can engage people – which is why one interviewee told us that the sector needs “strong, clear, high profile, public leadership”.

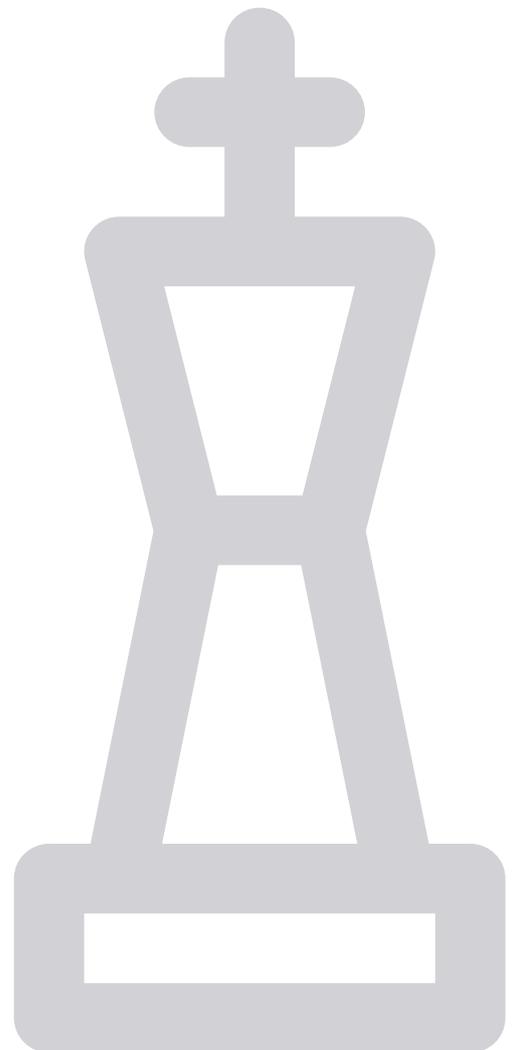
An ability to connect with the public, or lead wider organisational engagement with the public, is an increasingly important dimension of public sector leadership and a wider talent requirement. As one chief executive reflected, “we need to say to the public, ‘this is a proper partnership’ – and that’s where leadership comes in.” Leading in a networked and collaborative environment also requires new forms of leadership. As a civil servant told us, “leadership before was about leading your own people but now it’s going to be about corralling people over which you have no direct control”.

While most interviewees were clear on the importance of effective leadership, many told us that recruiting or developing top talent to leadership roles was more difficult than ever after six years of austerity. A chief fire officer said that “austerity means people are doing more, in smaller teams. And smaller teams mean we are drawing leaders from smaller teams”. A local government chief executive explained that traditional progression routes had been disrupted in his council because management had been delayed. Another told us “the problem is we recruit and promote professionals, not managers. And managers are what’s needed”.

Public bodies in rural areas face an additional, geographic challenge in securing top talent. A council chief executive explained “we need to grow our own talent, because we’re hours away from a city. We’re fishing in a pool of people who want to come here and make that lifestyle choice. The NHS is the same”. He went on to tell us that his council could not attract a single credible applicant for a post paying a £70,000 salary.

Diversity is a central consideration for many leaders in their search for talent, as well as in their wider workforce. One city council chief executive told us that a voluntary redundancy scheme had seen the departure of a high number of long-serving staff members and the council had “got a more diverse workforce as an accident of downsizing”. Another senior local government figure explained that a high proportion of her employees had worked at the council for decades, but recruiting to new posts to deal with new challenges was difficult. A chief constable was clear that “a diverse workforce performs better” and said that his force’s leadership programme “still has too many fat, white, middle-aged men”. For that reason, he was supportive of direct entry into senior police roles.

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Pay is also an issue that needs to be considered if the public sector is to attract top talent. A council chief executive told us when she tries to offer an attractive reward package to recruit to key posts, her elected members “think it’s crazy money”. The leader of a national agency said that “our approach to pay and reward does not have enough flexibility for people who can be paid a lot more by the private sector”. And a Whitehall civil servant told us that pay rates do not necessarily harm recruitment – but they do affect retention.

Several interviewees explained that public sector salaries need to be considered in the context of career risk. An NHS chairman observed that a high number of interim chief executives run trusts in England because making mistakes is seen to cost people their jobs, explaining that “there are no chief executives now because if they slip up, they’ll be shot. We need to accept people make mistakes”.

“Pressures on public sector leaders are shifting in some subtle but critical ways, and talent management needs to be energised across the sector.”

Public sector leaders on leadership

“There are no chief executives now because if they slip up, they’ll be shot. We need new leadership and we need to accept people make mistakes.”

“Leadership is how you make people feel part of doing something different and special.”

“Leadership before was about leading your own people but now it’s going to be about corralling people over which you have no direct control.”

“There’s a scarcity of leadership across the health sector. You can see that in the number of vacancies in chief executive and finance director posts.”

“The public sector needs to be at the top of its game. We need strong, clear, high profile public leadership.”

“We need to say to the public, this is a proper partnership and that’s where the leadership comes in.”

“There’s got to be more opportunities for moving people between public services. Not a lot of that goes on but the leadership is the same, it’s just a different context.”

“We need to place a premium on effective leadership – that’s key to delivering.”

“Attracting talent is a challenge and paying salaries is a challenge.”

“When we need to recruit, I will think that we’re not paying enough of a salary but the councillors will think that it’s crazy money.”