Local State
We’re In 2019

Andy Theedom
July 2019
The Local State We’re In 2019

• This is the ninth edition of The Local State We’re In, our annual report exploring the views of leaders and chief executives on the ambitions of, and challenges facing councils and wider local public services.

• It draws on a local government survey, interviews with representatives across councils, the NHS, local enterprise partnerships, transport bodies and universities.

• We also polled a representative sample of over 2,000 members of the public from across the UK.
Councils have proved their ability to deal with significant demands in the past decade, but the greatest challenges may yet be to come. Councils, and their partners, will need to continue to adapt, innovate and collaborate as they look to 2020 and beyond.

Jonathan House, PwC Health Industries and Local Government Advisory Leader
Austerity is still with us and financial confidence is falling

Only around half agree they can make the necessary savings in the next year, down from 72% in 2018

53%
Say they can make the necessary savings in the next year, down from 72% in 2018

30%
Say they can make necessary savings in the next five years

85%
Say some councils will fail to deliver essential services in the next five years

93%
Say some councils will get into serious financial crisis in the next five years
Confidence in the sector

Some councils will get into serious financial crisis in the...(% agree)

- Next year: 70%
- Next 3 years: 93%
- Next 5 years: 93%

Some councils will fail to deliver essential services in the...(% agree)

- Next year: 55%
- Next 3 years: 77%
- Next 5 years: 85%
The public are concerned about the impact of cuts on themselves, their families and the wider community.

- 58% are concerned about the impact of cuts or reductions in council services on them personally.
- 67% are concerned about the impact of cuts on their community, up from 61% in 2018.
- 77% say they or their family has been impacted.
- 51% oppose the need for cuts in council services, up from 48% in 2018.

The majority of the public recognise that they have use council services (95%), and over 58% are concerned about the impact on them personally.
But the public are also open to engaging with their council in new ways

Four in ten (39%) say they would participate more to improve their local area and help local people if their council made it easier to do so, but the majority are indifferent

24%
Agree that their council encourages members of the public to participate in the decisions that affect the local community

19%
Agree that their council encourages members of the public to participate in the delivery of local services

18%
Agree that their council encourages members of the public to participate in the design of local services

21%
Agree that their council helps members of the community to support each other
# Digital: The public view

Four in ten of the public are satisfied with the digital access they have to council services, while two in ten are not aware of any services being available digitally.

<table>
<thead>
<tr>
<th>Percentage</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>40%</td>
<td>Of the public are satisfied with the digital access they have to council services</td>
</tr>
<tr>
<td>21%</td>
<td>Of the public are not aware of any council services being available digitally</td>
</tr>
<tr>
<td>34%</td>
<td>Of the public prefer to interact with their council in person</td>
</tr>
<tr>
<td>30%</td>
<td>Of the public prefer to interact with their council by telephone</td>
</tr>
</tbody>
</table>
Digital: The public view

Digital interaction with the public
(Q: In the last month have you interacted with your council in any of the following ways?)

- None, 60 %
- Accessed information on services digitally (e.g. website, app etc.), 23 %
- Used a digital platform to pay for public sector services (e.g. council tax), 12 %
- Gave feedback on services via a digital platform, 8 %
- Used a digital platform to interact with the customer service department, 8 %
- Engaged with your council via social media (e.g. Twitter, Facebook etc.), 6 %
- Engaged with other members of the public (e.g. on an online forum), 5 %
- Other, 2 %
Almost seven in ten agree that their organisation puts customer experience first and foremost, but 80% are not embracing new technology.

<table>
<thead>
<tr>
<th>Percentage</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>69%</td>
<td>Agree that their organisation puts customer experience first and foremost.</td>
</tr>
<tr>
<td>80%</td>
<td>Say their council is not embracing the opportunities new technologies offer.</td>
</tr>
<tr>
<td>53%</td>
<td>Say digital will enable them to reduce costs.</td>
</tr>
<tr>
<td>60%</td>
<td>Have implemented a digital ‘front door’ for customers.</td>
</tr>
</tbody>
</table>
Digital disruption

Digital will enable us to...

- Engage in new ways with communities and residents: 89%
- Improve service delivery: 80%
- Significantly reduce costs: 53%

Digital will enable us to (% agree)

- Significantly reduce costs: 80% (2016), 85% (2017), 87% (2018), 90% (2019)
- Improve service delivery: 54% (2016), 58% (2017), 63% (2018), 53% (2019)
- Engage in new ways with communities and residents: 80% (2016), 85% (2017), 83% (2018), 89% (2019)
Ready for AI?

- **CEO survey results (Europe):**
  - 19%: We have no plans to pursue any AI initiatives at the moment
  - 32%: We have plans to start introducing AI initiatives in our organisation in the next three years
  - 39%: We have introduced AI initiatives in our organisation, but only for limited uses
  - 6%: AI initiatives are present on a wide scale in our organisation
  - 4%: AI initiatives are fundamental to our organisation’s operations

- **CEO survey results (global):**
  - 23%: We have no plans to pursue any AI initiatives at the moment
  - 33%: We have plans to start introducing AI initiatives in our organisation in the next three years
  - 35%: We have introduced AI initiatives in our organisation, but only for limited uses
  - 6%: AI initiatives are present on a wide scale in our organisation
  - 3%: AI initiatives are fundamental to our organisation’s operations

- **Local State We’re In:**
  - 20%: We have no plans to pursue any AI initiatives at the moment
  - 40%: We have plans to start introducing AI initiatives in our organisation in the next three years
  - 36%: We have introduced AI initiatives in our organisation, but only for limited uses
  - 1%: AI initiatives are present on a wide scale in our organisation
  - 3%: AI initiatives are fundamental to our organisation’s operations
Two thirds of councils are confident that their approach to digital security will cope with cyber threats, yet only 40% of the public trust their council with their data.

- **67%** Actively monitor people-related cyber security risks
- **50%** Are confident their employees exhibit robust cyber security behaviours at work
- **67%** Are confident that their council’s approach to digital security will cope with cyber threats
- **40%** Of the public trust their council to protect their personal data and information from cyber attacks
My council is well equipped with the following capabilities:

- Leadership: 83%
- Financial management: 80%
- Risk and portfolio management: 63%
- Transformation: 61%
- Information, governance and records management: 61%
- Commissioning: 55%
- Management of outsourced services to ensure value for money: 51%
- Contract management: 49%
- Digital and technology: 45%
- Commercial acumen: 45%
- Business intelligence: 43%
- Talent management: 42%
- Supply chain management: 35%
- Data analytics: 27%
Key areas of focus for the future

There are five key strategies that local public services should adopt to create places where people want to live, visit, work and invest:

- **Define a shared vision for your place**, and then translate this ambition into strategies, that bring together numerous partnerships, are clear on accountability and underpinned by an integrated plan to deliver.

- **Focus on growing and nurturing relationships with people and communities on their terms**, to build resilience and independence.

- **Develop a ‘digital mindset’**, harnessing new technologies such as AI to deliver better outcomes.

- **Embrace the value of data and invest in an analytics capability** to inform decision-making and drive smarter, earlier interventions.

- **Focus on building the right leadership skills and capabilities** for new ways of working based on collaboration, innovation and relationships.