

Reform of the state has to deliver for the people

Speech on reforming the public sector
delivered by the Chancellor of the Duchy of Lancaster, Pat McFadden
at University College London, Stratford.

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Thank you for joining me today.

As you'll have seen, on Thursday we set out our Plan for Change: key milestones that we want to reach over the next few years.

They are about what we want to do. But just as important is how we do it, and that's what I want to talk about today.

This question of how is important because for Government to deliver what it wants there has to be reform of the state itself.

We have to be relentlessly curious about how the world is changing and constantly asking how that change can be applied in the public sphere.

And if we don't display that curiosity and just keep governing as usual, we are not going to achieve what we want to achieve.

I'm going to begin by saying something that politicians don't say very often (though they probably should) which is that I haven't got all this figured out from beginning to end.

And of course it's hard to make a speech like this without some echoes of the past.

Too often the debate instantly falls into a distortion about whether or not someone is attacking civil servants.

So let me be clear, I work with hard working and diligent civil servants every day. They want to do well for their country and for the public.

The people are good but the systems and structures that they work in are too often outdated and make it hard for them to deliver.

And no one will welcome changing that situation more than civil servants themselves.

Do we think that people like the fact that they've gone to a lot of meetings and sometimes feel like they are banging their head against a brick wall?

Of course they don't. They want to achieve and we have to help them do it. It is right that we expect people to focus on delivery and right that we drive the system to do more towards that goal.

So I'm not here today to talk about what lanyards people are wearing or to open up another chapter in a culture war.

Those are just pointless distractions. Gimmicks from politicians who don't have serious answers to serious questions.

I'm more interested in an answer rather than a grievance.

Because reform of the state is about delivering for people.

And the opportunities are huge. Faster decision making. Cutting waste. The elimination or at least the speeding up of repetitive tasks. Use of data to make sure services are more suited to individual circumstances. Better value for money for taxpayers and better services for citizens.

But right now, it often doesn't feel like that. And we know a lot about the problem because people can see it every day.

To state the obvious, some things just don't work properly. Will your train arrive on time, or at all sometimes? How long will you have to wait for a knee or a hip replacement? Can you drive your car down a road without bouncing through potholes? Special Educational Needs, children's social care, temporary accommodation: none are currently serving people the way they should, while at the same time, costs are going up. Rising costs and bad outcomes are a bad equation all round.

And you add in a backdrop of too much political chaos in recent years and too many broken promises and something more insidious takes hold.

And that something isn't an opinion about whether or not the Government of the day is doing well but a doubt that politics and government can deliver much at all. And that is a loss of faith to which we should all pay heed.

And it comes against a backdrop where taxpayers have been paying more in, but often feel they are not getting more out.

The old debate was focussed almost entirely on the size of the budget. The only announcement that mattered was the spending attached to it. Any money that wasn't deemed "new" was thought not to count. And the beginning and the end of analysis was how much the budget was growing or reducing.

We need to ask more from ourselves than that. Of course resources matter. You can't pay people for free and you can't buy equipment or buildings for free. But the size of the budget is not the only question. It's what you are using it for, what the outcome will be, how will you organise people to make sure it happens.

Now at the recent Budget the Chancellor demanded efficiency and productivity savings of 2% across departments - and there will be more to come. As we launch the next phase of the spending review at its heart must be reform of the state in order to do a better job for the public.

Let me take you back in time for a moment. Twenty years ago, Tony Blair made a speech about public service reform, and at that time, companies like Blockbuster Video and Toys R' Us were still around.

AirBnB, WhatsApp and Spotify were not.

Now, I've picked on those three new companies deliberately. All three of them are now used by hundreds of millions of people around the world.

All three disrupted the industry they were in, profoundly changing how we think about travel, about messaging and how we consume music.

All three harnessed the potential of new technology to shape and respond to people's growing expectations.

And all three worked in radically different ways to the firms that they were competing against. By doing so, they created services that many people would now find hard to imagine living without.

What these companies did - along with others who have thrived in the internet era - was to recognise a fundamentally different way to address problems.

In the digital age, you don't have to work out precisely what you need to build at the start, and then start building it. You can start with something small and try it out. Test it on people. Fix the problems. Change the design. Test it again. Throw it away and start again cheaply, if it doesn't work. Tweak it again. And so on, for as long as you provide the service.

Suddenly the most important question isn't 'How do we get this right the first time?' Instead, it's 'How do we make this better by next Friday?'

Public services are complex. They involve many different interactions between different actors within a system. And they involve people who don't always behave the way that economists tell you people will behave. They have an infinite variety of needs which change over time and those needs often don't finish. It's not like building a home. They are highly unpredictable, to the point where you can't figure out how to do it upfront, even if you wanted to.

Now public servants are often very clever people. They can see around corners, they can spot and anticipate problems. But they are not all-knowing. And you cannot kill complexity with cleverness when it comes to improving public services. We can't figure it all out at the start, and then just set the delivery train running. But the good news is we don't have to.

Let's take some encouragement from some things that have gone right.

You might remember that a few years ago the passport system was in a mess.

My constituency office, like many others, was inundated with requests from desperate families who could not get the system to respond to what should be a simple and basic request - to renew a passport in time to go on holiday.

But the state turned things around in three ways. First, by using the power of technology to modernise the system.

Second, by putting the user at the heart of that new digital service.

And third, after rolling out that system, by looking to improve and improve and improve. Not just implementing the system and saying, job done, mission accomplished.

But testing it, adapting it, continually improving it, until it does what the public needs it to do.

The roll-out of Universal Credit was also in the end a similar story.

And it was very much a story of two halves.

In the early years it burned through hundreds of millions of pounds without achieving much. The process was a familiar Whitehall one of a plan of how the system should work, asking officials to build it and then demanding those officials "grip" delivery by writing lots and lots of reports about its progress.

That didn't work and then came the reset, and the second half of the story.

They took Universal Credit out of the department and that one-size-fits-all culture, and set up a small team of around 30 people from mixed backgrounds.

Policy makers, digital people and those in charge of operational delivery, all in one small team.

And the priority was to get something that would work, start small and start learning. So they started rolling out not everywhere in the country, but to a small number of people in Sutton, identifying what the issues were, and then improving the service as they went along.

It was a "test and learn" culture, and it freed up the team to be more honest about delivery, to make mistakes, but to ultimately roll out a service that actually worked.

And this is what we should be doing more of, and it is the approach that the DWP will take now as they set about changing how Job Centres work.

These experiences show we can make the state think a little bit more like a start-up.

The question is why has this kind of thinking not been applied more widely? Why does it feel like the exception rather than the rule?

Well, to push that forward, the Budget announced by the Chancellor allocated a £100 million Innovation Fund to deploy new test-and-learn teams around the country.

And today I want to tell you a little bit more about what the next steps on that will be. The first wave will begin in January.

It will be made up of small groups working in Manchester, Sheffield, Essex and Liverpool, in partnership with local authorities, mayors and their teams.

These will be mixed teams of policy officials, data and digital people, and staff from local public services - and at first, they'll be tasked with tackling two challenges: temporary accommodation and family support.

On temporary accommodation, we want them to begin by looking at how they reduce costs on a service that often costs Local Authorities a huge amount of money and doesn't provide the best results. And on family support, they'll be looking at how family hubs can increase the number of disadvantaged families that they can reach.

Now, we're not going to dictate how they do that. The central point of these test-and-learns is that we set them a problem and then leave them to get on with it. Give them the destination, perhaps a compass - but not an exact routemap laying out precisely how to get there.

And after that first wave, we'll expand the test-and-learns to other parts of the country, and start setting them bigger challenges. Like reducing the need for temporary accommodation, or finding new and effective ways to help people into work.

Each of these projects in the early stages are small- they're not going to reshape the state by themselves.

But if they work as a concept, they could help improve the way we work across the whole of government and start to rewire the state one test at a time.

Most importantly, they could make life a little bit easier for members of the public when they interact with the state - which would be a very welcome thing indeed.

And one other thing about this approach. It needs an appetite for risk. Because some things won't work properly the first time. But if we are terrified of failure we will never innovate and we'll carry on doing what we've always done.

The point is are you flexible enough to spot when things don't work, stop and try something different.

We are on the cusp of the next technological revolution. AI is set to transform the way people work and the way data is used. And the state cannot afford to be left behind. The huge benefits of technology including AI have to be felt in the delivery of public services as well as in the private sector

We're already using AI in parts of government. The Department for Education has funded an AI tool that can help teachers plan lessons; the FCDO uses digital tech to triage queries from British nationals abroad to the right civil servants to respond.

We should expand this where possible to make things quicker, easier and cheaper.

And we need the right people. A few years ago there was a call for weirdos and misfits in the system. Whatever term you want to use, we do want innovators, disruptors and original thinkers.

My message to creative thinkers is this is your chance to serve your country. Use your brainpower and technological talents to fix some of the biggest problems we face today.

Britain needs you.

And if you choose to serve, I want government to empower you to help us deliver better - to move fast and build things.

And people can start by applying for the next phase of our No.10 Innovation Fellows programme.

This is an idea for world-class technologists to come into central government for six-to-12 month “Tours of Duty” and use their digital and data expertise to help us tackle a number of challenges.

They don’t have to have a whole career in the civil service, though they might of course choose to. But we want public service to be open to people who want to serve in this way for a limited time.

There have already been two waves of that programme. Recent fellows worked on tools to help the PM and others mitigate riots in real time, for example.

But for the next phase, more of these innovators will spend Tours of Duty working on the missions we have set out.

So if they want to apply, people from startups, academia and some of the world’s best tech companies could find themselves being asked to use the latest digital innovation to help cut waiting lists or to reduce violence against women and girls.

But tech expertise is not the only expertise we want.

We also want people working on the front lines of public services in communities across the UK.

Prison governors, social work heads, directors of children’s services - they are the ones on the ground who can see how things are working, where the obstacles are, and where a policy won’t survive contact with reality.

They have looked the people that depend on us in the eye, seen how the system has sometimes been broken – they have taken the frustrations home with them each week.

We want to give them the chance to be part of the solution.

So first, we will also be bringing in secondees - both frontline workers and digital and data experts - to work on our test-and-learn teams.

But I also think we could do something much more significant to attract talented people from outside of government.

I think it’s time to overhaul how recruitment is carried out across the Civil Service.

Right now, if you’re an outsider, the process can be mind bogglingly bureaucratic and off-putting. Applications can take days to fill in, and if you don’t understand the civil service process, good external candidates can find it near impossible to jump through the hoops of “behaviours” and “competencies” and “success profiles”.

Changing this should focus on the right things. If you’re a coder, being asked to code is the critical question, not some of the things currently asked. So let’s scrub the jargon and focus on what’s needed for the job.

As I said, this is just the start of the conversation. There is more thinking to be done on this, more work to do. The world is undergoing huge changes around us, and the state needs to change with it.

I want the world outside Whitehall to take an interest in this too - the thinktanks, the unions and others. This used to be an area of debate rich in energy and creativity but that’s not been so true in recent years. So let us bring it back centre stage and ask some serious questions.

Government is being asked to do more and more, with more accountability. But is that driving a culture of checkers rather than doers?

How do we create a system with fewer and better rules?

How do we make use of the huge potential of AI?

How do we free up people to do the stuff that actually matters?

And how can we do more to attract the best people to come and work for government?

Sometimes since the election people have asked me, "Is it harder than you thought?"

But apart from the obvious privilege of public service, the truth is this is a good time to be in Government. When the world is on the threshold of such huge change, the possibility of using that change to make lives better and to do a better job for the public should motivate all of us in Government.

And that's why this question of reform of the state is so important and why I wanted to speak to you about it today.

Thank you.