How the UK can Boost Productivity by Unlocking Digital Ambition across Local Public Services

techUK is the trade association for the technology sector in the UK. Our over-1000 members, the majority of which are UK-based SMEs, are based around the United Kingdom. They employ 1.1 million people across the UK, with a turnover of £329bn in 2023 and an estimated annual growth rate of 10%.

We have prepared this briefing to help MPs and their teams understand key tech issues in the UK, what can be done to tackle these issues, and the benefits of doing so.

This briefing draws upon:

- Our Report: Local Public Services Innovation: Creating a Catalyst for Change
- Our Five Point Plan for Care Tech

More briefings, both from ourselves and techUK’s members, can be found on our online briefing hub.

What is the problem?

Whilst there are many examples of innovation and digital ambition across Local Public Services in the UK, our research highlights there are still several barriers preventing authorities from realising the productivity and citizen experience gains of digital technologies.

The first of these relates to investment in digital infrastructure and advanced technologies. Despite recent funding increases, Council budgets are expected to be 18% lower in real terms in 2024/25 than the early 2010s, with demand for acute services accelerating since the pandemic\(^1\). Local Services struggle with tight, ringfenced budgets, preventing the strategic investments needed to upgrade outdated systems and implement digital technologies.

The second relates to a growing digital skills gap, particularly in specialist technologies such as AI, cloud computing and cybersecurity. Digital and technology skills are consistently highlighted as the area of greatest concern for Local Authorities, which face a growing struggle to recruit and retain skilled technologists\(^2\). Budget constraints mean that Local Authorities are unable to compete with private sector salaries or investment in essential professional development and training.

Furthermore, our research highlights fundamental barriers to delivering integrated digital services. Whilst many Local Authorities desire to design services that can use

\(^1\) [How have English councils’ funding and spending changed? 2010 to 2024](https://ifs.org.uk)

\(^2\) [CDDaT skills framework - background and methodology](https://localgovernmentassociation.org.uk)
data to maximise welfare, they face entrenched data silos which make it difficult to access and use data effectively. This is compounded by a lack of clarity on regulatory requirements, which hinders decision making and innovation. There is an urgent need to clarify transparency, accountability and inclusive best practices to unlock true digitalisation.

What are the solutions?

To enable Local Government to deliver services more efficiently and effectively, the next Government should set out a clear strategy to increase co-ordinated investment in digital infrastructure, and promote the adoption of advanced technologies such as Internet of Things (IoT+, AI, and data analytics. This should be underpinned by clear direction on how effective procurement can be an enabler for improving outcomes in public services.

To address the growing Local Public Services skills gap, the Government should invest in training and upskilling of Local Government employees to effectively use new technologies and drive innovation. The Government should set out how Local Services can foster collaborative partnerships with educational institutions and industry experts to provide tailored training programs and access to expertise in emerging technologies. Enabling Local Authorities to pay market rates for essential skills, and emphasising the importance of industry partnerships will ensure a capable workforce ready to meet the evolving needs of communities.

To ensure public trust and support in the integrity of Local Public Services, the next Government should promote greater transparency, accountability and inclusive technology practices. The Government should champion initiatives that foster citizen engagement, collaborative feedback mechanisms, and open data to build trust in local governance. The Government should extend this to encourage Local Public Services to adopt sustainable practices in service delivery, infrastructure development, and resource management to address environmental challenges and promote long-term resilience.

What are the benefits?

By focusing on these themes, the new Government can help create a more agile and responsive local government system that meets the evolving needs of communities across the UK.

Capital expenditure by Local Authorities is expected to continue falling, reflecting the increasing financial pressures they face from growing demand and high interest rates. Boosting investment in digital infrastructure is a key part of resolving the Local Public Service productivity gap, and is essential to meet the 5% efficiency gaps highlighted in the latest OBR forecasts. Delivering targeted investment in

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3 CP 944 – Office for Budget Responsibility – Economic and fiscal outlook – November 2023 (obr.uk)
Local digital infrastructure will help unlock a £6bn gain to public finances, whilst growing citizen satisfaction with services\(^4\).

**Showcasing effective procurement practices will enable innovation, facilitate collaboration between and within Local Authorities, and streamline delivery of outcomes.** Early market engagement ensures that solutions meet specific needs and maximise value for money – avoiding creating tomorrows technical debt – and collaborative procurement approaches will identify best practices for common problems across services – reducing duplication across the sector.

**Prioritising transparency, accountability, and inclusion in digital initiatives will lead to greater trust between local government and citizens.** By facilitating collaboration across Local Public Services – particularly through the effective use of data – the Government will help create inclusive places where citizens want to live, work and thrive.

**How can I learn more?**

If you would like to know more about the importance of enabling digital ambition across Local Public Services, you can read our [Report: Local Public Services Innovation: Creating a Catalyst for Change](https://www.techuk.org/reports/local-public-services-innovation-creating-a-catalyst-for-change), and our [Five Point Plan for Care Tech](https://www.techuk.org/five-point-plan-care-tech).

TechUK can also arrange a call with yourself and our policy managers so we can brief you on this topic in more detail. If this would be of benefit to you, please contact archie.breare@techUK.org and alice.campbell@techuk.org.

TechUK is also able to arrange a meeting between yourself and a member company of ours who has premises in your constituency if possible. This would provide you with a photo opportunity and allow you to discuss the importance of this issue further with a company operating in your constituency.

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