



Working on the System: Place Leadership to Transform Future Outcomes

Session One





Key themes

- **Working on systems, not just services:** place leaders discussed the need to move beyond direct service delivery and influence wider systems that shape local outcomes.
- **Volatility as the operating context:** global economic uncertainty, energy pressures, inflation, AI investment and shifting consumer behaviour were framed as continuing conditions rather than temporary shocks.
- **Resilience as a strategic priority:** resilience was discussed as economic, organisational, community and institutional, with an emphasis on planning for volatility rather than reacting to it.
- **Trust as a strategic asset:** trust was repeatedly described as fundamental to relationships with communities, businesses, investors, partners and government.
- **Public service reform and fragmentation:** discussion focused on whether structural reform, reorganisation and changing geographies will help or hinder place leadership.
- **Convening, brokering and storytelling:** place leaders identified a growing need to convene across systems, broker competing interests and explain difficult trade-offs clearly.
- **Future focus versus the day job:** the cohort reflected on being trapped in operational pressures while needing more space to think about long-term place outcomes.

Introduction

This report summarises the main points from PACE 2026 Session 1, *Working on the System: Place Leadership to Transform Future Outcomes*. The day focused on place leadership, global economic change, public service reform, finance, politics, capability, cohesion and demographic change.

The report also captures the cohort's reflections on what it means to work on systems rather than remain trapped in the immediate pressures shaping local government today.

Key areas of discussion included the need to understand local impacts, be honest about influence and readiness, and identify the leadership strategies that can help shape future outcomes.

1. Working on the system

The session opened by setting out the central challenge for place leaders: how to work on the wider systems shaping local outcomes, rather than becoming absorbed by the immediate pressures and demands they are dealing with day to day. Discussion centred on the strategic conditions now influencing place leadership, including economic growth, public service reform, finance, politics, capability, cohesion and demographic change.

The discussion recognised that the core jobs of local government have not fundamentally changed, but the context around them has shifted significantly. Leaders are still responsible for delivering essential local outcomes, but must now do so in a more volatile, interconnected and externally shaped environment.

While the core responsibilities of local government remain familiar, including housing, transport, waste, economic development, governance and the environment, the context in which they are delivered has changed. The discussion described a shift from delivering services, managing assets and controlling outcomes. Instead, the focus is shifting towards navigating systems, influencing outcomes and working with organisations and decision makers beyond local government, including investors, infrastructure providers, technology companies, regulators and central government. Data centres, AI infrastructure and grid capacity were used as examples of how decisions made elsewhere can land locally and create immediate pressures for places (i.e. local areas and communities).



2. Global economy, local place impacts and resilience

2.1 Global uncertainty and energy pressures

Global uncertainty is creating a more volatile and lower-growth environment. Geopolitical disruption, trade uncertainty and energy shocks are contributing to weaker growth, higher inflation, pressure on household spending and a tougher environment for investment and business confidence. For place leaders, these global pressures are no longer distant or temporary: they shape the conditions in which local places are trying to grow.

2.2 AI, data centres and infrastructure demand

AI-related investment is one of the forces shaping the global economy, particularly in the US, where investment in AI-related projects is linked to expectations of productivity gains. Locally, the issue is less about AI as a service tool and more about the infrastructure it requires. Growing demand from data centres and AI infrastructure is linked to limited grid capacity, competing demands for electricity, delayed infrastructure upgrades and local questions about who benefits from private investment.

Energy and technology investment is changing the nature of place-based decisions. The move from power generation and energy security towards the possibility of data centres powered by nuclear energy raises questions about whether the main beneficiaries could be large global technology players. This frames a wider issue for place leaders: how to secure public benefit when investment decisions are being made globally but their costs and impacts are felt locally.

2.3 Consumer spending, productivity and local growth

The UK’s productivity challenge continues to constrain economic performance and living standards. Consumer spending is also under pressure, with higher essential costs and uncertainty reducing household demand and discretionary spend. For local places, this raises questions about town centres, hospitality, demand-sensitive sectors, skills, infrastructure, local sector mix and the conditions needed for place-based growth.

The discussion also highlighted concern about young people’s employment prospects and their relationship with the labour market. The economic presentation noted that much of the labour market impact was falling on younger people, particularly those aged 16–24, as weaker business confidence, fewer job vacancies and firms cutting back on investment limited their opportunities. This was reflected in employers delaying recruitment, not approving entry-level roles and recruiting fewer graduates. The group also discussed whether some young people may be economically inactive rather than unemployed, including whether some are participating in the digital economy in ways that do not show up clearly in official statistics.

Participants linked this to several pressures. Technological change and AI may be reducing the kinds of entry-level work that have traditionally brought younger people into employment. Changes to employment costs, including the living wage and employer contributions, were also discussed as possible unintended consequences that may make recruiting younger workers less attractive. The conversation then moved beyond labour market data to the risk of disengagement, including a possible “what’s the point?” mindset among young people who see fewer opportunities, believe jobs may be replaced by AI, or struggle to see a viable route into work.

For place leaders, this was linked to long-term economic resilience and disparity. If young people cannot access early employment, training or progression routes, places risk weakening their future skills base, workforce capacity and social mobility. The discussion raised a wider workforce planning question: if migration can help fill a short-term need, where is the long-term strategy for the workforce, including the training programmes and employment pathways needed to support young people who are already struggling to find work?

2.4 Resilience as an economic strategy

A central statement was that places can no longer assume a return to stability. The cohort discussed resilience as a core economic and organisational concern, not simply an emergency planning function. It was described through the need to create headroom, smooth volatility and maintain capacity to support communities, businesses and institutions over the long term.



3. Public sector reform and the capacity to lead place

3.1 Public services under strain

Public services are under sustained pressure, with reduced resilience, weakened preventative capacity, rising demand and more expensive delivery. This has significant implications for place leadership, particularly where local leaders are expected to hold systems together while capacity and resilience are stretched.

3.2 Reform, reorganisation and fragmentation

The discussion covered reform and reorganisation across public services, including local government, health, policing and children’s social care. Participants reflected on whether reform will make place leaders more or less able to manage places in the future. Larger geographies and more stable multi-year funding were discussed as possible supports for strategic planning, while structural churn, mismatched geographies and relationship disruption were raised as risks for integration and local delivery.

3.3 Devolution, scale and relationships

The cohort discussed the potential of devolution and strategic authorities to support planning at the right geography, particularly for growth, infrastructure and investment. The discussion also recognised the risk of becoming too inward-looking during local government reorganisation, devolution, wider public sector reform and political fragmentation, at the point when leaders need to remain alert to global shifts. Relationships, shared objectives, clear decision-making and a coherent place story across political cycles were seen as critical.

3.4 Capacity and capability

A recurring point was that public services are under-managed and lack sufficient analytical and management capacity close to the front line. Participants reflected that reductions in management capacity can move work onto frontline staff and weaken the ability to understand, respond to and improve local outcomes. The group also discussed the risk of losing people who know how to keep relationships and processes working across the system.

4. Politics, people, trust and participation

4.1 Declining confidence and the national-local relationship

Declining confidence in national institutions, including Parliament, political parties and the press, shapes how people relate to public decision-making. Confidence in the civil service has been more resilient, but national perceptions of government can still influence local trust, including how people think about the wider system.

4.2 Trust as a systems problem

Trust was discussed as more than a single-service issue. People often describe what is not working for them as ‘the system’, rather than separating individual services or institutions. The discussion highlighted the challenge for local authorities: improving one service may not rebuild trust if people continue to experience failure, pressure or fragility elsewhere in the wider public system.

4.3 Lived experience, cost of living and dignity

Participatory work on the cost of living showed that residents did not necessarily see the issue as a short-term crisis beginning with recent global shocks. Instead, many linked it to a longer-term erosion of resilience over the last decade or more. The discussion highlighted that people who are struggling may not always access services, and that support, dignity and the ability to flourish are central to how trust and distrust are formed.

4.4 Deliberation, engagement and realistic expectations

The session explored deliberative approaches such as citizens’ juries and citizens’ assemblies. These were presented as ways to bring residents into informed discussion on complex issues such as cost of living, migration and climate adaptation. A key lesson was the importance of setting clear, honest boundaries about what residents can influence. Engagement can damage trust if participants believe their input will lead to inaction or decisions which cannot be delivered.

4.5 Storytelling, social media and the everyday

Place leaders reflected that local authorities are not always good at telling their own stories or celebrating success. This matters because, without a clear and consistent narrative, public perceptions can be shaped more by isolated frustrations and negative social media commentary than by the wider work councils are doing. The discussion emphasised that councils need to be more proactive in explaining what they are delivering, why decisions are made and how everyday services contribute to place outcomes.

Social media was discussed as a powerful part of the wider context shaping perceptions, often reinforcing negative narratives. The discussion also distinguished between communicating on everyday services, such as filling potholes or collecting waste, and more contested areas such as planning, where public expectations and professional judgement can be harder to reconcile.



5. Reflections and messages for place directors

5.1 Resilience, headroom and future focus

Resilience was identified as a key message for the wider Place Director network. It is more than emergency planning and includes economic resilience, institutional resilience, organisational capacity and the ability to support communities and businesses through volatility. Setting aside time and resources for resilience planning is no longer a 'nice to have', but an investment in future capacity.

Youth economic inactivity was also identified as a long-term resilience issue. In the final reflection, the cohort returned to the concern that some young people may be 'dropping out of the bottom of the system', with fewer vacancies and entry-level roles as well as limited graduate opportunities contributing to a sense of hopelessness. Participants questioned where those young people go if they are no longer actively seeking employment, and linked this to wider issues such as home-schooling, special educational needs, neurodivergence and young people becoming disconnected from education or work.

The group agreed this should be woven into the wider resilience agenda because losing young people from employment and training pathways risks weakening future workforce capacity, reducing social mobility and increasing long-term pressure on places already dealing with volatility, inequality and skills challenges.

5.2 Managing today versus planning for tomorrow

The cohort reflected that place leaders are often managing today rather than planning for the future. The day reinforced the original proposition that leaders can feel trapped in operational pressures. Participants discussed the need to create space for long-term thinking, including planned time for senior leaders, service directors and heads of service to step back, reflect on the wider context and identify ways they can support better future outcomes.

5.3 Trust as an asset

Trust was described as something that needs to be treated as a strategic asset rather than sentiment. The cohort discussed trust across communities, businesses, investors, government and local partners. A suggested approach was to assess the maturity of trust across the system and to recognise that it requires consistent, long-term work. The point was made that local authorities need to be a constant presence, reinforcing through everyday action that they care, understand and are doing practical work.

5.4 Reform and the ability to lead place

Participants agreed that public sector reform could create opportunities for more strategic planning and better decision-making at the right geography, but only if implemented well. The group also noted that reform across several areas at once, including local government, health and policing, creates cumulative disruption and makes relationship-building harder at the point when place-based collaboration is most needed.

5.5 Systems thinking and leadership

The cohort challenged the phrase 'the system', noting that place leaders are working across multiple interacting systems. Energy, data, technology, infrastructure, investment and local public outcomes were cited as areas that are increasingly interdependent. The discussion suggested that future sessions should unpack these connections more rigorously and clarify where place leaders can influence, convene, broker and challenge existing ways of working.

6. Forward look

The discussion pointed to two possible areas for future sessions. The first is energy, infrastructure, technology, private investment and trade-offs, including who benefits, who pays and how local leaders secure public value from global investment decisions. The second is trust and legitimacy in complex systems, including the role of politics, media, social media, participation and the level of legitimacy place leaders need to drive future outcomes.



Conclusion

Session 1 established that place leadership is increasingly about working across interconnected, fast-moving conditions that are shaped partly by forces outside local control. The day highlighted resilience, trust, convening power, long-term thinking and the ability to navigate difficult trade-offs as recurring themes. It also reinforced the challenge facing place leaders: to keep delivering trusted everyday services while creating the space, relationships and legitimacy needed to shape future outcomes.



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The place leaders' Pioneering, Action-orientated, Creative and Entrepreneurial (PACE) programme is a joint venture from ADEPT and Amey. Launched in 2023, the PACE Programme aims to create space for senior place leaders to find strategic solutions to the wicked issues facing the public sector.

Designed exclusively for place directors and senior leadership, two of the fundamental principles behind PACE is to influence the future of place-focused strategies and support place leaders in driving change.

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