

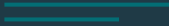
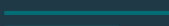
AI Adoption in Public Services: What's Working, What Isn't, and Why It Matters

Mutual Ventures

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Introduction: AI use in the public sector

Regardless of how the proliferation of Artificial Intelligence (AI) in many aspects of our lives makes you feel, there is little doubt that it has the capacity to change the way professionals in the public sector deliver services and how people use them. As the usage of AI becomes more widespread, the need to understand exactly how it is used and how it can be harnessed most effectively and responsibly becomes a pressing need.

Recent research underscores the scale of change underway. According to the Local Government Association's 2025 [research report](#), 74% of local authorities (LAs) are either at the beginning of their AI journey (52%) or their capacity and capabilities are in development (22%).

The AI landscape in the public sector is marked by both excitement and uncertainty. Organisations are exploring the potential of AI, but many are navigating this journey without a clear strategy or shared understanding of best practice.

Mutual Ventures has seen this tension up close. Through our work supporting public service transformation, we have helped organisations explore AI responsibly, build skills and confidence among staff, and establish the governance and strategic direction required for safe adoption. We also heard a consistent message from leaders and practitioners: “we know AI could help - but we need clarity, guidance and examples of what good looks like”.

This report aims to provide exactly that. Drawing on research into existing practice, interviews and responses to a survey we conducted, this report examines how AI is being used across public services, highlighting its potential to improve outcomes for professionals and families. It covers practical examples of AI in action, features insights from sector leaders, and explores the enablers and barriers to successful adoption.

Public services are at a pivotal moment – they must move from experimentation to strategic adoption, or risk being left behind. This report is intended to help leaders make that shift with confidence.

“

Leadership seem to see it as a panacea that will cure them of all their financial woes, without having thought through the cultural, equality, staffing and operational consequences. AI is leading the discussion, rather than being used to improve outcomes.

”

Survey respondent

Expectation versus reality

The art of the possible

Across the public sector, there is growing excitement about the transformative potential of AI to help solve some of the most entrenched challenges facing services.

The expectations are high. Many see AI as a route to more proactive, predictive public services and the automation of administrative burdens. The ambition is to make public services more efficient and effective.

There is hope that AI could help tackle the more complex issues. Many of the most serious system failures arise when information is fragmented or slow to move between teams. In children's social care, for example, Serious Case Reviews frequently highlight how this can contribute to risks escalating unnoticed.

It is possible to imagine a future in which AI supports professionals by bringing together relevant information, offering a clearer picture of a family's circumstances, and helping the right support reach them sooner.

There is also an expectation that AI can transform citizen engagement, making information clearer, offering personalised guidance, and helping people make sense of complex systems such as SEND, housing or adult social care.

The arrival of Agentic AI, autonomous systems capable of managing multi-step workflows and resolving certain low-risk tasks, is also anticipated to change the way citizens interact with public services.

Taken together, this represents a powerful vision of what AI could unlock across the public sector. Faster decision-making, earlier help, and more efficient services that are easier to access.

The case studies included in this report, give some indication of how this is already being achieved.

The reality

While the potential of AI is widely recognised, the picture on the ground is far more mixed. To understand the real state of adoption, we looked beyond the hype to examine how AI is actually being used across public services today.

The LGA's 'State of the Sector' report shows that generative AI is being used by 83% of responding LAs while other forms (perceptive AI, predictive AI and simulation AI) are used by far fewer.

AI tools are being developed, procured and implemented at a rapid rate in the public sector. Within a relatively short space of time, generative AI tools like Copilot or Chat GPT have become part of everyday working life. But in social care for instance, the use of AI is largely limited to speech-to-text summarising.

Some of these tools solve a very real problem. Maic Notes has become widely used in social work teams and local authorities report significant time savings which could result in more time building relationships with families. This tool aims to streamline note-taking for professionals where meetings are recorded to enable them to focus more on families, and less on the accompanying paperwork.

Areas of excellent and innovative practice do exist as we seek to demonstrate in this report. However, organisations too often treat AI as a technology deployment rather than a change programme, underestimating the need for training, engagement, and cultural shift. Without this foundation, AI will not be implemented effectively and support the transformative changes it is capable of.

In the following section of this report, we explore some of the barriers that are preventing the sector from maximising the opportunities of AI adoption.

Interview with Javed Hussain, Achieving for Children

In conversations with sector leaders, we're starting to see what makes AI adoption stick. Javed, Associate Director of Digital, Technology and Commissioning at Achieving for Children (AfC), described how strong leadership appetite, a willingness to experiment, and deliberate staff upskilling have enabled AfC to adopt tools such as Gemini at pace. This has already generated significant time savings and supported better decision-making.

Q: Where is the organisation currently with AI roll out and use?

A: AfC is rapidly scaling its AI adoption. Tools like Gemini and Notebook LM are now used across half the organisation, with 200+ practitioners testing and using it for transcription and summarisation.

Adoption has been driven by strong leadership support and a culture that encourages experimentation with emerging technology. AfC has used AI and transcription tools for over five years, giving us a head start as AI capabilities have matured.

Q: How has AI changed staff roles so far, and what support have they needed?

A: AI has led to notable time savings and with Magic Notes, a high number of users are reporting around 3 hours saved per week, allowing practitioners to spend more time with families and improve decision-making speed. AfC has provided extensive support, including videos, animations, and sessions on prompt engineering, with ambitions to create an AI Support role to build capability across teams.

Q: What challenges are being experienced in implementing and governing AI?

A: The biggest challenge is maintaining AI tools and supporting staff as adoption increases. AfC has had to re-prioritise other digital work to create capacity for training and adoption. Sudden tool rollouts (e.g., as a result of being an organisation that uses Google Workspace, Gemini was enabled "over a weekend") create additional pressure. The Digital Team has done an incredible job in prioritising this and supporting the workforce with AI adoption.

Q: How is Achieving for Children evaluating AI impact?

A: Evaluation focuses on time savings, staff feedback, and whether tools meaningfully improve outcomes for children and families. AI is seen as contributing not only to efficiency but also to better workforce retention, as practitioners want more time building relationships rather than completing paperwork.

Q: What makes Achieving for Children's use of AI distinctive?

A: AfC has a strong appetite for innovation and is already exploring Agentic AI, autonomous systems that handle multi-step workflows. We're taking time to understand what Agentic AI is, how it works and whether it will benefit Children's Services. The buy-in for exploring emerging technologies from senior leadership has been a major enabler, giving the digital team the freedom and autonomy to explore tools that will benefit children, young people and families.

Q: What 'one thing' would help Achieving for Children make better use of AI going forward?

A: Increasing AI adoption so nearly all of the organisation is using some form of AI to support them with their work. Long-term, AfC aims to explore predictive AI and early-intervention tools, provided they can be implemented safely and ethically using its extensive data.

Interview with Linda Harris and Rachel Newburn, Spectrum

What does AI adoption look like on the ground in a frontline healthcare organisation? In this Q&A, colleagues from Spectrum (a social enterprise providing healthcare to people in vulnerable circumstances) share how they are beginning to use AI in practice, the impact it is already having, and how staff roles are evolving as a result. They also reflect on the support required to make this transition work, and the challenges of governing AI in a complex, high-risk environment.

Q: Where is Spectrum currently with AI roll out and use?

A: AI use is at a growing but uneven stage, with pockets of structured activity alongside more exploratory experimentation. The organisation has moved to a more systematic approach under a Head of Digital leadership role, creating coaching and “ambassador” activity to reduce anxiety, set tone, and encourage safe experimentation with AI tools. Generative AI is being encouraged, but use is being steered away from public tools like ChatGPT towards more governed tools such as Microsoft Copilot, with clear messages about not entering confidential patient information. The digital team is exploring AI to support business needs such as IT and HR chatbots, and to strengthen data driven working, including warehousing and early warning concepts.

Q: How has AI changed staff roles so far, and what support have they needed?

A: To date, the impact on day-to-day roles is more modest than the longer term ambition. Some of the clearest early benefits are in support functions such as HR, where AI can take on mundane, repetitive tasks and free staff to focus on higher value work, with a deliberate commitment not to use AI as a route to headcount reduction. Staff support has focused on coaching, confidence building sessions and practical guidance on safe use, with an emphasis on AI as a “copilot” rather than a replacement. Looking ahead, there is strong interest in patient facing tools, for example, AI supported consultation summaries and reminders, to place more control in patients’ hands and support preventative care.

Q: What challenges are being experienced in implementing and governing AI?

A: Key challenges include limited central guidance, complex risk questions, and variable technical capacity. There are a lack of clear, practical guardrails from national bodies, leaving local leaders feeling they are fumbling their way through issues such as privacy, security, and acceptable use. There is also an overload of potential tools, with charities and system partners unsure which solutions are robust and how to set proportionate governance. Concerns extend to wider system deals with large, often non-UK digital vendors and the implications for data control, sovereignty, and accountability

Q: What ‘one thing’ would most help Spectrum make better use of AI in future?

A: The single most helpful development would be a stronger, joined up foundation for responsible, data driven AI: clearer national guardrails, better analytics and forecasting capability, and structured support for workforce skills. Leaders want AI to improve data analytics and forecasting so the organisation can act as a genuinely data driven business, while adding value to departments such as HR by making roles more meaningful rather than redundant. Over the next two years, they expect rapid change driven both by national decisions and our internal choices. Given the speed and unpredictability of AI’s growth, the priority is to be prepared with clear procedures, training, and governance so AI is used responsibly and in line with the organisation’s mission, even as some aspects remain outside its direct control.

Barriers and enablers

Taken together, the interviews make one point clear: enthusiasm alone is not enough. Even highly motivated organisations struggle with the same structural and cultural constraints.

Progress is currently constrained by several factors like outdated legacy systems, rigid procurement, and risk-averse cultures. The primary challenge is no longer a lack of technological ambition, but the existence of significant environmental and institutional hurdles.

This section outlines the major enablers and barriers shaping public sector AI maturity. It argues that for AI to be sustainably embedded, the sector must move beyond "AI for AI's sake" and focus on fixing the underlying foundations, from data interoperability to funding models. Crucially, as the gap between digital leaders and laggards grows, the cost of inaction becomes a systemic risk, potentially leaving the most vulnerable citizens served by the least efficient systems.

Barriers to AI Adoption

From our experience and critical literature, there are five central barriers for public sector organisations:

Poor data collection and legacy systems

Much of the public sector remains tied to decades-old, fragmented systems that block real-time data access and make it extremely costly to integrate new tools. This inhibits interoperability and delays experimentation, particularly in smaller councils with limited digital capacity. The [National Audit Office \(NAO\)](#) found that much of the public sector is restricted by *brownfield* technology; often outdated IT infrastructure that is difficult and expensive to upgrade or replace and not designed to share information. These systems cannot talk to one another, so it is very difficult for organisations to create a comprehensive or live view of the citizens they serve. This lack of interoperability means introducing AI tools often requires ways to extract the data, which is usually cost-prohibitive especially for smaller councils.

Procurement friction and power imbalances

Relatedly, a major risk is vendor lock in, where public sector organisations are trapped within proprietary systems owned by external IT providers. This scenario enables vendors to charge high fees just to allow a council to access their own data for AI training. A significant power imbalance exists; many councils lack the in-house technical expertise to challenge the expansive claims made by large tech firms. This leads to the procurement of "off-the-shelf" solutions that are not tailored to local community needs, resulting in costly contracts that fail to deliver meaningful outcomes. Additionally, procurement models designed for large, capital-intensive IT projects are ill-suited to agile AI products. Startups offering cutting-edge solutions face prohibitive compliance barriers, while procurement timelines stretch innovation cycles far beyond viability.

The lack of long-term funding (also known as the "valley of death")

Many AI initiatives in the public sector fall into the "valley of death", which is the gap between a successful pilot and long-term operational integration. One off grants often support discovery but rarely cover the ongoing costs. This means that even after a successful pilot, it is then cancelled as there isn't the additional budget for ongoing software-as-a-service (SaaS). Typically, public sector organisations prefer one-off capital expenditure for physical assets over recurring operational expenditure, which is required for many AI tools.

Resource and capacity constraints

A recent [LGA survey](#) highlighted that the primary hurdles for public sector organisations around AI adoption are rooted in resources. A lack of funding, staff capacity, and specialist capabilities consistently emerge as the top three barriers. With budgets under pressure, it is difficult to justify significant upfront investment. While some authorities are now offering six-figure salaries for AI experts, the public sector struggles to compete with the private sector, making leadership literacy even more critical to ensure that existing resources are deployed effectively.

Legal and ethical ambiguity

Another big barrier to AI adoption is the lack of accountability, particularly regarding liability when an automated system makes an error. This creates a form of institutional paralysis. Decision makers often default to “no” to protect their organisation from reputational damage. While saying “no” to AI avoids the immediate risk of an algorithmic error, it creates a “hidden risk” where services remain slow, expensive, and less accurate than they could be with well-governed AI support. The current absence of tested legal precedents in public decision-making means that many innovative projects never leave the pilot stage.

Enablers for progress

Despite these challenges, successful AI adoption is emerging across both local and national public services. These success stories share five enablers which serve as a foundation for driving innovation, ensuring ethical compliance, and maximising the potential benefits of AI within the public sector.

Collective action and shared learning

Networks like LOTI (London) and ecda (Essex) exemplify collaborative problem-solving by forming “coalitions of the willing”. These groups share common components, such as code, data models and prompt libraries to reduce duplication and lower research costs. This collective approach is a major de-risking factor, as it allows smaller, less well-funded organisations to adopt proven models rather than starting from scratch. By standardising these models across regions, the sector is able to create the scale needed to negotiate better terms with big tech providers.

Streamlined procurement frameworks

Mechanisms such as G-Cloud and the new AI Dynamic Purchasing System (DPS) are essential for levelling the playing field and have been bolstered by the Procurement Act 2023 which encouraged competitive and flexible procedures. These frameworks allow councils to move away from rigid, multi-year contracts towards agile and milestone-based agreements. By pre-vetting suppliers for compliance and security, these frameworks reduce buying cycles from months to weeks. This enables authorities to specify the public outcome they wish to achieve, such as reducing missed bin collections, rather than being locked into specific, soon-to-be-obsolete technical features.

National transparency and ethics standards

Centrally endorsed resources, such as the AI Playbook and the Algorithmic transparency recording standard (ATRS), provide the top cover necessary for local innovation. These standards help leaders move beyond the fear of reputational damage by empowering local leaders to reference government best practice and provide a clear, public-facing template for explaining how AI decisions are made. By proactively publishing these transparency records, public bodies can build in trust with their communities as they adopt AI, ensuring that the use of AI is seen as a tool for fairness rather than a “black box” of automated bias.

Strategic and sustainable funding

Dedicated streams like the MHCLG Local Digital Fund and the £110 million AI deployment programme provide the critical seed capital required to bridge the “valley of death.” These funds are increasingly designed to support the transition from discovery to sustained service integration, ensuring pilots have a path to becoming permanent infrastructure. However, the most successful enabler in recent years has been the shift toward “invest-to-save” models. These involve the Treasury or central departments providing upfront capital that is “repaid” through the efficiency gains generated by the AI tool. This moves AI from the pilot phase to being a sustainable piece of essential infrastructure.

Interoperable data systems

Progress is increasingly being enabled by the move toward open data standards and API-first architectures. By adopting the government’s Data readiness guidelines, organisations are ensuring that their data is AI-ready; this moves beyond simply collecting information to ensuring it is clean, labelled, and accessible. This reduces the technical burden of integration and allows councils to switch between different AI providers without losing their underlying data history, effectively preventing the risk of vendor lock-in.

“Strategic direction, leadership appetite, and growing digital literacy are emerging as important enablers. The national NHS plan and wider digital strategies provide a broad mandate for innovation (including virtual care and analogue to digital shifts), which local organisations can align with.”

- Public sector interviewee

Case studies from across public services

The barriers and enablers outlined in the previous section show that successful AI adoption in the public sector is not driven by technology alone, but by the underlying conditions that make safe, effective implementation possible. While many organisations are still navigating the challenges, others are beginning to put these fundamentals in place or finding pragmatic ways to work around the barriers that remain.

The case studies that follow have been selected because they highlight organisations that have either embedded these enablers or developed practical strategies to overcome the barriers that hold much of the sector back. For some, the most meaningful progress lies in strengthening readiness: building interoperable data systems, creating shared standards, empowering staff, or establishing the governance required for responsible innovation. To make these links explicit, we have mapped each case study against the enablers identified earlier in this report, illustrating how they demonstrate the foundations required for strategic and sustainable AI adoption.

Taken together, these examples show how organisations across housing, health, children’s services and national government are making progress under real-world pressures. They demonstrate that meaningful, safe and impactful use of AI is possible when the right conditions are in place, and that readiness work is often just as important as the technology itself.

	Collective action and shared learning	Strategic and sustainable funding	Interoperable data systems	Streamlined procurement frameworks	Transparency and ethics standards
LOTI – damp and mould					
Wolverhampton Homes					
Early diagnosis of lung cancer					
Homelessness prevention					
Scottish public sector strategy					

LOTI – Damp and mould



Understanding the problem

London boroughs were facing rising public concern and political scrutiny around damp and mould in social housing, but each council held fragmented, inconsistent data in multiple legacy systems (housing, repairs, environmental health, complaints). This made it difficult to identify at risk properties, prioritise inspections, or demonstrate fair and consistent action to residents.

Previously, 3.7% of London homes faced damp and mould issues, yet councils only knew about the cases that were formally reported.

Nearly 10% of London homes were failing national standards, but data silos between repairs, housing, and health departments meant high-risk properties were often overlooked until a health crisis occurred,

Intervention

Through the London Office of Technology and Innovation (LOTI), several boroughs agreed to co design a common data model and analytics approach for damp and mould. The focus was on getting the basics right and the necessary infrastructure to make the data useful.

Instead of attempting a multi-year, costly migration of brownfield IT systems, boroughs used API wrappers. This allowed them to "surface" data from old databases into a modern, pan-London data platform without replacing the underlying software.

The project distributed over 200 Internet of Things (IoT) sensors across 16 boroughs (expanding to 20 by 2025). These devices track temperature, humidity, and dew point at one-hour intervals.

A lead borough defined a minimum viable dataset, creating a shared data language so that information from a sensor in Hackney would be formatted identically to one in Barnet.

Outcomes

By January 2026, the project has moved from a pilot to a sustainable city-wide model.

- ▼ 25% reduction in callouts: Boroughs reported a significant drop in damp-related emergency visits by using data to intervene early, before visible mould appeared.
- ▼ Identifying fuel poverty: The sensors revealed that up to 30% of high-risk properties were actually cases of fuel poverty, where residents could not afford to heat their homes.
- ▼ Evidence-based triage: Officers use a 1-100 risk score to prioritise inspections for the most vulnerable residents, such as those with underlying health conditions.

Wolverhampton Homes



Understanding the problem

Social housing in England is facing a serious and growing crisis in repairs and maintenance. The Housing Ombudsman’s spotlight report, [‘Repairing Trust’](#) reports a 474% surge in complaints about poor housing conditions since 2019–20.

Of these complaints, 72% stem from poor practice, including inaccurate diagnosis, delayed repairs, temporary fixes, and weak quality assurance, despite landlords spending a record £9 billion on repairs in 2023–24.

A critical challenge is the absence of reliable property records, which undermines effective decision-making and leads to repeated misdiagnosis or missed hazards. Instances highlighted by the Ombudsman include belongings damaged during works, unannounced visits, and vulnerable residents left without essential facilities for extended periods.

The report also identifies the increasing complexity of repairs and an outdated reactive model that relies on tenant complaints rather than proactive maintenance. The Ombudsman warns that the current system is “unsustainable”, calling for a shift towards predictive maintenance, stronger accountability, and a cultural commitment to empathy, transparency, and resident voice.

Intervention

Housing providers recognise that traditional models of waiting for tenants to report problems and conducting inspections at intervals is no longer viable.

New regulatory pressure, a growing volume of repairs, and an ageing housing stock further accelerate the need for change.

Wolverhampton Homes used AI trained on data to move from reactive responses to targeted, early intervention, improving both tenant wellbeing and service efficiency.

By spotting early signs of damp and mould, targeting repairs proactively, and turning data into actionable insights, AI is beginning to address longstanding challenges in social housing, improving both service quality and tenant safety.

Outcomes

Data from 21,000 homes to help Wolverhampton Homes predict damp and mould with accuracy ranging from 70% to 97%, depending on the quality of data.

This allows them to:

- ▼ Identify homes at risk earlier
- ▼ Prioritise inspections and repairs
- ▼ Reduce health risks and structural damage
- ▼ Act faster for vulnerable tenants

It also ensures lower repair costs and a longer life span for the housing stock.

“[AI] has changed the way the exec as a team produces data reports and is starting to be used more by all back office staff increase productivity”

- Survey respondent

Earlier diagnosis of lung cancer



Understanding the problem

Lung cancer remains the leading cause of cancer-related deaths in England, and late diagnosis is a contributing factor. In the North East and North Cumbria, and North East London, there are high rates of lung cancer incidence and high mortality rates.

The demand for imaging is high, with requests for chest x-rays increasing 94% between 2017 and 2022 in North East London. Additionally, there are significant national workforce challenges in radiology, with staff shortages cited as one of the factors causing delays for patients as they wait up to three weeks for results.

The late detection of lung cancer means more patients risk progressing to late-stages of the disease before treatment can begin. Six in 10 people will survive lung cancer for five or more years if the disease is detected early, compared with one in 10 where detection is late.

Alongside poorer health outcomes, these delays in diagnosis also create system-wide pressures including more emergency presentations, longer in-patient stays and higher treatment costs.

Intervention

Members of the Imaging Network in the North East and North Cumbria have partnered with Harrison.AI to introduce a tool that acts as a second pair of eyes to clinicians.

This tool flags subtle abnormalities on chest X-rays that may indicate early lung cancer. The AI analyses images within seconds, highlighting areas of concern so clinicians can prioritise urgent cases. Seven NHS Trusts in the region have rolled out this tool.

The North East London Cancer Alliance has adopted a similar approach through its partnership with Qure.AI.

Patients at some NHS Trusts in the region experience waits of up to three weeks for X-ray reports. Through the use of its AI tool, the region is aiming to reduce this to three days, and as of August 2025, had made significant improvements in reducing timelines.

Like much of the country, North East London experiences workforce challenges, but through its use of AI as a means to prioritise the most urgent cases, there has been a reduction in workload and a resource saving.

Outcomes

Gateshead Health **report** that the tool has been proven to “improve diagnostic accuracy by 45% and increase diagnostic efficiency by 12%”.

Further evaluation on the impact of these tools is underway.

Homelessness prevention



Understanding the problem

Historically, local authorities have struggled with being crisis-led, often only intervening when a household is on the brink of eviction. People often become homeless following traumatic life events such as family breakdown, domestic abuse, mental ill-health, or financial crisis, but the system designed to help them is described as “labyrinthine”, inconsistent, and at times compounding that trauma rather than alleviating it.

The Government policy paper ‘ [A National Plan to End Homelessness](#)’ identifies poverty, low wages, and gaps in the social security system as further exacerbating vulnerability. The Government notes that these problems have accumulated over decades, resulting in a system that is too reactive, crisis-led, and heavily reliant on emergency accommodation. To end homelessness, the plan calls for a shift towards prevention, early action, cross-government collaboration, and greater accountability.

In London, where one in every 21 children now lives in temporary accommodation, the pressure on borough budgets reached a record high. The fundamental barrier was fragmented data: council tax arrears, housing benefit changes, and social work records are often stored in separate systems, preventing a holistic view of a resident's risk profile.

Intervention

The ‘Using data to prevent homelessness’ project was launched to test a more proactive model across boroughs including Barking & Dagenham and Newham. The project was supported by the Ministry of Housing, Communities and Local Government (MHCLG). The project uses a predictive model to scan datasets such as council tax debt and rent arrears. It identifies trigger points, such as a household simultaneously falling behind on multiple payments, that historically precede homelessness.

Once a household is flagged, the AI does not make any automated decisions. Instead, a local authority officer proactively reaches out via telephone to offer a human-centred conversation. Interventions are framed in financial terms, such as rescheduling debt payments or helping residents access the £22.7 billion in unclaimed benefits nationally.

Outcomes

As of January 2026, the project is moving into a broader evaluation phase to measure long-term impact. The system is designed to flag at-risk households up to nine months before they would typically reach a crisis point, allowing for significantly lower-cost interventions.

By linking homelessness case data with other personal information, councils have identified a higher prevalence of repeat homelessness, allowing them to tailor support for those with complex needs such as drug dependency or a history of offending.

The success of this model has helped contribute to a £3.5 million investment in the London Ending Homelessness Accelerator Programme, which aims to unify data-driven approaches across all 32 boroughs by spring 2026.

Scottish public sector data strategy



Understanding the problem

The Scottish public sector data strategy, primarily driven through the [Digital strategy for Scotland](#) and the [Health and social care data strategy](#), was designed to move the country from a fragmented digital landscape to one where data is a national asset.

For decades, information has been trapped in hundreds of different systems across local government, the NHS, and central departments. These "brownfield" systems often cannot communicate with each other, meaning a citizen might have to provide the same information ten different times to ten different agencies.

Without common standards (like a single way to record an address or a date of birth), linking data between services was often impossible or required high-cost manual work.

Senior leaders often lacked the confidence to make data-driven decisions. There was a widespread perception of risk regarding data sharing, which led to "institutional paralysis" where agencies were too nervous about GDPR or security to share data that could have improved citizen outcomes.

The Scottish government was keen to overcome these barriers and implemented several initiatives to improve data maturity across the sector.

Intervention

The Scottish Government launched a cross-sector Data Strategy with a strong focus on smart data cataloguing, interoperability standards, and governance. Their approach is often cited as a model for AI readiness as it recognised that data readiness was a prerequisite.

The strategy prioritised building a pan public sector view of what data exists, where it resides, and under what conditions it can be used, alongside exploring Sovereign AI capabilities and AI Growth Zones that keep critical data processing on national infrastructure.

Outcomes

Public bodies have begun implementing shared cataloguing tools and common metadata standards, making it easier for policy teams and analysts to discover relevant datasets for AI and analytics projects. Early initiatives in areas like health and planning now start with a clear inventory of available data rather than ad hoc searches.

The focus on Sovereign AI and local processing arrangements has provided greater assurance to stakeholders (including unions, regulators, and the public) that sensitive data such as health records and justice information will not be exposed to unwanted extraterritorial access. This, in turn, has made it easier to authorise AI pilots in those domains.

Voices from the public sector

This section brings together insights from a survey we conducted with public-sector professionals, capturing their experiences of adopting and working with AI tools. The responses reveal an operating environment marked by ambition, experimentation, uneven readiness, and a clear recognition of both the opportunities and the risks inherent in AI deployment.

Enthusiasm is outpacing infrastructure

Across organisations, there is a recognition that AI is developing faster than traditional technology governance processes can adapt. Several people describe a landscape where strategic intent exists but operational clarity lags behind. Some organisations are actively trialling multiple AI tools to inform future strategy, with senior leadership support for non-risk-averse approaches. However, it was also common for there to be ambiguity, with many other people reporting that they are not aware of any organisational direction on AI.

“Leadership seem to see it as a panacea that will cure them of all their financial woes, without having thought through the cultural, equality, staffing and operational consequences. AI is leading the discussion, rather than being used to improve outcomes.”

– Survey respondent

Service delivery is starting to change

People reported significant value in efficiency and productivity, particularly related to drafting, editing, research, and report writing. AI is helping teams produce documents, analyses, and communications more quickly, with examples of tailoring outputs to different audiences, such as helping to make emails suitable for parents with learning needs. Leaders note that back-office functions and executive teams are increasingly integrating AI into their workflows, shifting expectations about how quickly work can be turned around. Meeting note-taking is one area where AI is reshaping expectations, prompting questions about how such tasks should be defined in the future.

Some see AI as laying foundations for future resource optimisation, predicting that efficiencies will translate into service-level benefits over time. Where frontline practitioners are using AI-enabled note-taking tools, they report being able to focus more directly on people rather than documentation demands.

“Use of these tools have taken off at an unexpected rate, indicating the workforce really values and appreciates the benefit of these tools, and that this is changing the way they record visits, meetings, and assessments.”

“Processes are being redesigned to incorporate AI which is speeding up knowledge work, analysis and improving consistency.”

- Survey respondents

Engaging staff and service users

Engagement patterns vary but there are examples of AI adoption being driven from the bottom-up. Staff and teams who are enthusiastic about AI are pushing for pilots, experimenting with tools, and shaping how these are used operationally. Examples include Magic Notes pilots within social care services, form design and testing, and the involvement of existing advisory groups. Some services are also exploring how to involve service users, including seeking permission to use AI-enabled tools during interactions or meetings.

“Usage has primarily been self-driven by teams who want to incorporate AI.”

“We are trialling a selected number of AI tools that will inform refinement of our strategy and a clear policy... the pace of AI development has meant it is not quite the same as other IT/ technology.”

- Survey respondents

What does this tell us: a sector in motion

Overall, public-sector voices reflect a sector characterised by energy, uncertainty, adaptation, and cautious ambition. AI is starting to reshape workflows and expectations, particularly around documentation and knowledge work. However, the journey is uneven. Frontline staff, back-office teams, leaders, and data specialists are experiencing very different readiness levels and pressures.

What seems to unite people is a clear recognition that AI is not simply a technical shift but a cultural, operational, and strategic one. Organisations that balance experimentation with thoughtful governance and capacity-building are best placed to realise meaningful service improvements while maintaining safety and trust.



Conditions for effective implementation

Although each of the five case studies sits in a different context, the organisations that are making progress share many of the same fundamentals. For public sector leaders that want to transition from experimenting with AI to it becoming part of every-day operations, there must be a shift in the way the entire organisation views their infrastructure, people, and purpose. Through this work, we have identified recurring themes that form five essential conditions for responsible and high-impact AI implementation.

1. Start with a clear purpose and plan

AI adds value when it solves a problem. Effective implementation begins with a specific mission or user need, rather than a desire to deploy new technology. In the public sector, this means aligning AI tools directly with statutory duties or high-priority policy goals, such as reducing social worker burnout or accelerating planning applications. Tools like Magic Notes have had such an impact because they are able to solve a very real pain point for frontline staff. Whereas projects driven purely by curiosity or tech hype are less likely to secure internal buy-in or deliver measurable value to citizens.

Purpose alone only gets you so far. Organisations need a clear and coherent AI strategy that sets out the ambitions for AI and how to get there. Without strategic clarity, adoption risks becoming fragmented. A well-crafted AI strategy ensures that experimentation happens within a coherent framework, making it easier to secure buy-in, measure impact, and embed AI as part of everyday operations.

MV's previous work

Mutual Ventures has supported public bodies across local government, health, and children's services to on their journey to designing AI strategies. This includes creating strategic frameworks, identifying high-impact use cases, setting up governance and guardrails, and helping leaders plan for safe and effective scaling. A clear strategy is the foundation that enables organisations to move from exploration to meaningful, mission-led adoption. Read more about our work [here](#).

2. Get the data foundations right

AI systems are only as reliable, explainable, and scalable as the data infrastructure and governance that underpin them. High-quality, well-governed data directly shapes model accuracy, with poor data leading to incorrect, biased, or unstable outputs that quickly erode trust and limit real-world deployment. Research indicates a clear correlation between mature data management practices and successful AI implementation, showing that organisations with aligned data strategies are significantly more likely to realise value from AI initiatives.

Robust foundations, covering data quality, lineage, security, and compliance, also reduce regulatory and operational risk. AI-related guidance highlights the need for controls over how data is collected, used, and monitored throughout the AI lifecycle. Organisations cannot bypass the fundamental work of data governance. According to the [Data readiness guidelines](#) (2026), a prerequisite for effective AI use means ensuring data has moved out of scattered spreadsheets into a centrally managed system where it is clean, labelled, and searchable.

3. Design around people

Value, trust, and sustained use of AI ultimately depend on how well it aligns with human work. Instead of replacing people, AI should augment them, acting like a digital assistant or *Copilot* to make jobs easier. To enable this, organisations need to build AI literacy. This means helping staff understand how these tools work and teaching them to effectively manage the risks. This helps surface ethical and inclusion concerns early, allowing organisations to address issues of fairness, transparency, and control in ways that are understandable and acceptable to affected users.

By involving frontline staff, experts, and citizens in framing the purpose, developing requirements, and testing tools, organisations are better able to prioritise use cases which address real pain points and design interactions that fit with existing ways of working. This is crucial to building sustainable AI use.

4. Focus on service transformation and improvement

Leaders need to consider ways to use AI to change how services work, not just to do more of the same quicker. Automation can save time by doing the same tasks faster, but the bigger opportunity lies in redesigning and transforming services. This means using AI to shift services towards prevention and better outcomes. For example, a council could use AI to spot early warning signs and provide joined-up support before a citizen reaches a crisis. In Children's Services, this could mean using data and AI to anticipate demand, flag emerging concerns sooner, or streamline pathways across newly merged authorities, instead of only making existing paperwork faster. This is particularly important during Local Government Reorganisation, which is when different councils merge into one large team. In these moments of change, AI can help join up different departments so the public doesn't have to repeat their story to multiple people.

5. Embed a “test, learn, grow” mindset

AI isn't something that gets completed. Tools will quickly become outdated and even unsafe if they are not continually monitored and improved. Lasting adoption depends on treating AI as a live product rather than a one-off purchase. It is important to track performance, collect feedback from frontline staff, retrain models as real-world data and policies change, and adjust the way tools are embedded in everyday work. This is especially important in areas impacted by Local Government Reorganisation or in other scenarios with shifting organisational footprints where structures, teams and processes are changing.

A test, learn, grow approach also requires funding and governance models that cover the full lifecycle of AI tools, bridging the “valley of death” between pilots and wider roll-out by resourcing ongoing maintenance and iterative improvement. By normalising experimentation, continually learning and making regular improvements, organisations can keep AI models safe and aligned with how services actually work on the ground.

Conclusion

AI is starting to reshape public services, but its long-term value will not be determined by technology alone. It will depend on the leadership choices discussed in this paper: how organisations design their data foundations, how they support their workforce, the ethical guardrails they adopt, and whether they treat AI as a tool for deeper service transformation rather than surface-level efficiency.

Our research shows that the public sector is full of innovation, creativity and ambition. Yet without the right foundations, many organisations risk being left behind. The gap between early adopters and the rest is widening, and the consequences are significant.

The current opportunity is to transition from experimentation to purposeful, strategic adoption. To build systems that enable earlier intervention, fairer decisions, and more time for practitioners to do what matters most: supporting people.

Mutual Ventures stands ready to support organisations at every stage of this journey from strategy and governance, to developing practical use cases, to evaluating impact and scaling what works. AI will not replace the human heart of public services, but it can give staff the space, insight, and tools they need to make a bigger difference.

The public sector has an opportunity to redesign services around outcomes, equity and prevention. If we get this right, AI can become a catalyst for a more humane and effective public service future.



Useful resources

MVs previous work

1. [Let's get smarter with AI implementation](#): This article explores common AI implementation pitfalls and sets out four essential principles for implementing AI effectively.
2. [The AI Adoption Gap: Practical steps for local authorities to turn hype into service improvement](#): This article considers the gap between expectation and reality and outlines three practical steps local authorities can take to bridge the gap between hype and meaningful service improvement.
3. [Co-operative Values Driven AI – a new guidance framework](#): A comprehensive guidance framework based on cooperative values and principles. The framework outlines the main use cases for AI, enabling factors and cooperative principles to guide ethical adoption.

Strategic frameworks

1. [The AI Playbook for the UK Government](#): This document is the replacement for the older Generative AI Framework and outlines 10 core principles for safe and effective use, covering everything from understanding limitations to managing the full AI lifecycle.
2. [Making government datasets ready for AI](#): This guidance is helpful for understanding "Data maturity" in the public sector and introduces Foundational Pillars of AI-ready data.
3. [AI Opportunities Action Plan](#): This document provides the high-level political and economic justification for AI investment, emphasizing a "Scan > Pilot > Scale" approach to avoid the "valley of death" which is mentioned in this report.

Practical tools

1. [The AI Knowledge Hub](#): This is a curated platform that turns real government AI projects into reusable "how-tos" and prompt libraries.
2. [LGA Artificial Intelligence Hub](#): Specifically for local government, this hub features a Case Study Bank and a series called "AI Unpacked", which includes short videos designed to help councillors and senior officers understand complex concepts.
3. [Responsibly Buying AI Guide](#): A resource for organisations thinking about their procurement processes.

Technical and ethical oversight

1. [AI and Data Protection Risk Toolkit](#): A practical tool to help you conduct Data Protection Impact Assessments (DPIAs) specifically for AI systems.
2. [The Alan Turing Institute - AI Ethics and Governance in Practice](#): Comprehensive workbooks on how to implement ethical values (Transparency, Fairness, Accountability) into the design and deployment of AI.