

# AI in Local Government: A State of the Sector 2026 The Three Year Journey



February 2026

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# Introduction: Why This Report Matters Now



Over the past three years, AI in local government has moved decisively from curiosity, to capability, and now into a phase defined by realism, constraint and hard choices.

This report brings together insights from three consecutive points in time:

- The **2024** State of the Sector baseline
- The **2025** “One Year On” report
- The **2026** LGAi AI Summit,

which brought together 215 attendees from 96 organisations across local government, central government, the NHS and delivery partners.

Taken together, these data points provide a rare longitudinal view of how a system learns, adapts and recalibrates as innovation moves from experimentation into business as usual.

What we are now witnessing is not a slowing of ambition, but a behavioural shift.

Local government is becoming clearer-eyed about what it takes to deliver AI responsibly, sustainably and at scale — under sustained financial, workforce and service pressure.

**The data in this report draws on three years of survey and live polling responses collected through LGAi events and summits. While sample sizes vary year to year, reflecting both the growth of the community and changes in event format, the questions and scales used have remained consistent. This allows for meaningful comparison of trends over time.**

# The Three-year Journey

## 2024: curiosity, caution and permission

In 2024, AI sat firmly in the realm of potential. The first State of the Sector report described a system that was:

- Highly enthusiastic about what AI might offer
- Increasingly frustrated with entrenched service challenges
- Uncertain about data governance, ethics and risk
- Lacking practical understanding of how to move from idea to delivery

Quantitatively, this showed up as:

- Strong enthusiasm scores
- Lower confidence in pilot planning and tech requirements
- Wide variation in self-assessed readiness



Qualitatively, the language was aspirational and exploratory:

“We can see how this could really help.”

“AI feels exciting, but risky.”

At this stage, the sector’s primary need was permission:

- To explore
- To experiment
- To talk openly about uncertainty



AI was largely seen as additional — something to test alongside existing work, rather than something expected to deliver impact within it.



# 2025: Confidence, Pilots and Rising Expectations

By 2025, the picture had shifted markedly.

The “One Year On” report showed a system gaining confidence:

- Senior leader buy-in increased
- A significant rise in people saying they understood how to make AI work in their organisation
- Workforce confidence and commitment trending upward
- Frustration with current problems continuing to rise

This combination mattered.

Confidence and frustration increased together because expectations had changed. AI was no longer abstract — it was being piloted, trialed and tested in live environments. The 2025 Summit reinforced this shift:

- Large numbers of attendees shared examples of real pilots
- Tools such as EHCP+ demonstrated tangible time savings for frontline staff
- Conversations focused on “what next?” rather than “what is AI?”

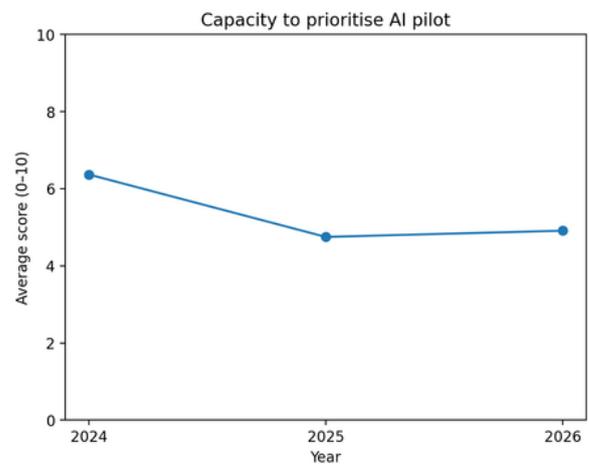
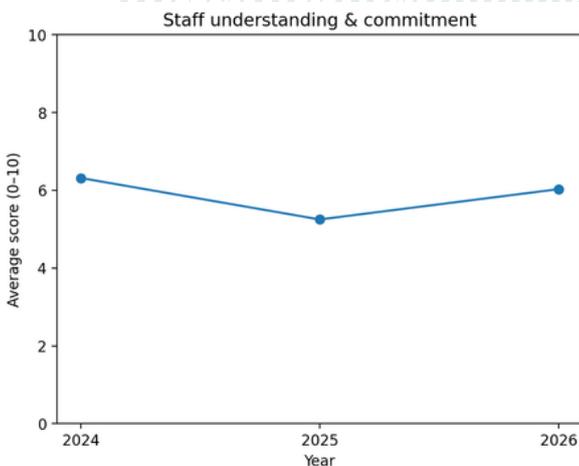
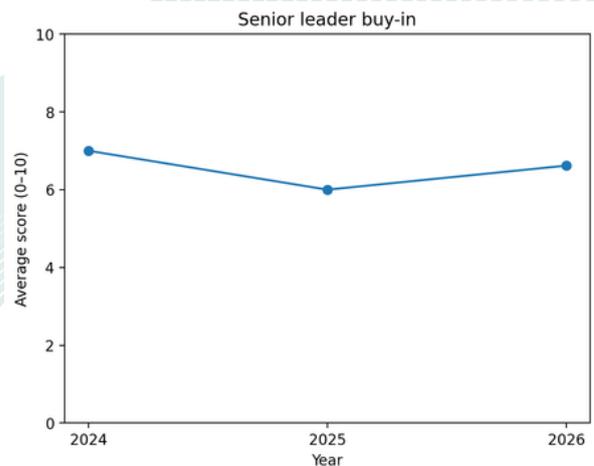
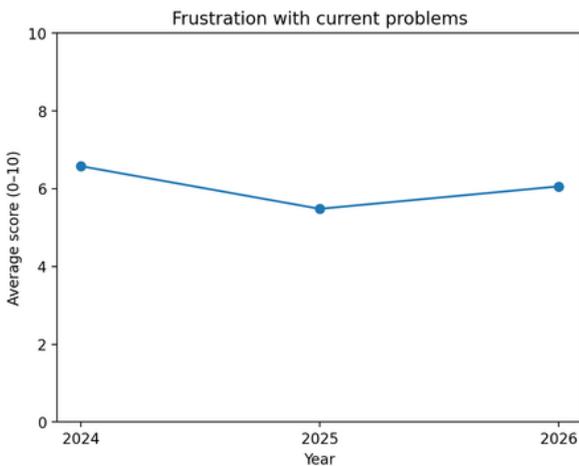
However, a critical fault line also became visible:

- Only a minority of pilots were transitioning into scalable, embedded solutions
- Data governance and capacity constraints persisted
- Many initiatives remained fragile, dependent on a small number of individuals

Behaviourally, 2025 represented a confidence peak, the moment where belief briefly outpaced system readiness: “We think we know how to do this.”

# 2026: Realism, Constraint And The Move to Impact

The 2026 data tells a more complex and important story: while average scores dipped in areas such as the capacity to prioritise AI work, understanding of pilot roadmaps and required technology, and the presence of dedicated change leadership with permission to take risks, frustration with the challenges being faced continues to grow.



**Viewed in isolation, this could be read as a loss of momentum. Viewed longitudinally, it signals something far more significant.**



# The Emergence of Realism

By 2026, AI is no longer “extra”. It is increasingly expected to:

- Deliver measurable impact
- Sit within business-as-usual processes
- Compete for time, attention and resources
- Meet governance, assurance and equality standards

As a result, respondents are scoring themselves against a much higher bar.

The limiting factors are no longer curiosity or tools, but leadership capacity, prioritisation and organisational permission.

| Theme                             | 2024 | 2025 | 2026 | What this shows   |
|-----------------------------------|------|------|------|---|
| Frustration with current problems | 6.6  | 5.5  | 6.1  | Early optimism dips, then frustration re-emerges as delivery realities appear |
| Service welcoming AI              | 6.6  | 6.0  | 6.6  | Confidence in AI remains steady despite growing realism                       |
| Staff understanding & commitment  | 6.3  | 5.3  | 6.0  | Confidence softens, then recovers as experience grows                         |
| Capacity to prioritise AI         | 6.4  | 5.1  | 4.8  | Capacity tightens as AI competes with business as usual                       |
| Dedicated change leadership       | 7.7  | 4.8  | 4.9  | Leadership authority becomes a limiting factor                                |
| Senior leader buy-in              | 7.0  | 5.0  | 4.6  | Buy-in remains, but focus shifts to delivery and impact                       |
| Understanding required technology | 6.0  | 5.2  | 5.1  | Growing recognition of technical complexity                                   |

Average self-assessed scores (0-10) from consistent questions asked at LGAi Summits in 2024, 2025 and 2026.

## This shift is visible in both the quantitative data and the qualitative feedback:

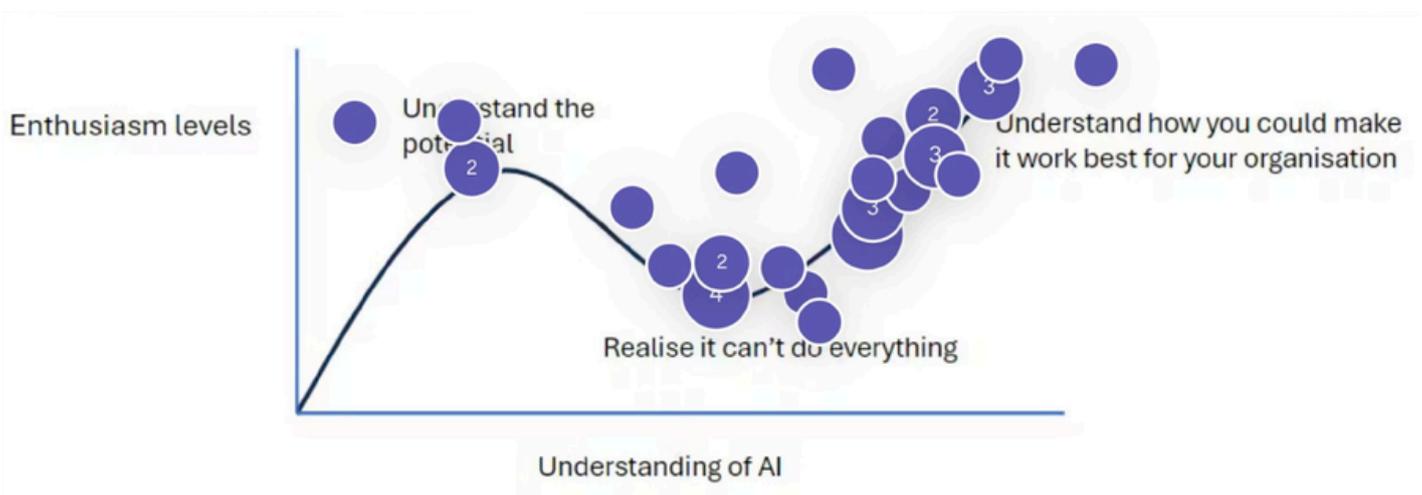
The AI journey visual shows greater clustering around “realise it can’t do everything” Chat feedback included comments such as:

- “This feels like a real shift”
- “We’re moving into business as usual now”



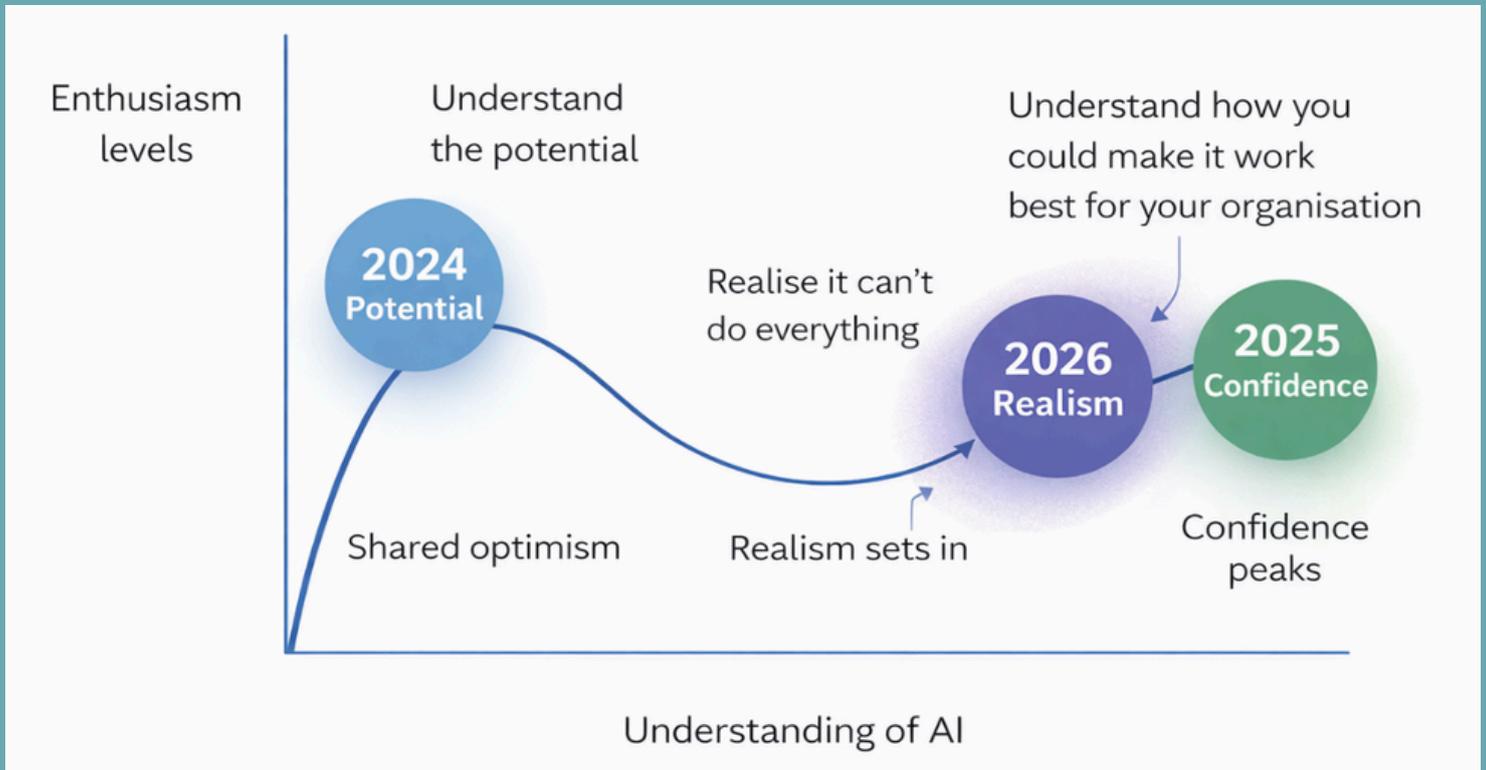
Importantly, belief in AI has not disappeared. Most respondents still place themselves on the right-hand side of the journey — understanding how AI could work for their organisation — but with tempered enthusiasm grounded in lived experience.

“Where would you rate yourself on your AI journey?”



2026

# The behaviour change curve in action



Across the three years, a clear behavioural pattern emerges:

- **2024:** optimism without experience
- **2025:** confidence through pilots
- **2026:** judgement shaped by delivery realities

This is not a loss of faith. It is evidence of sectoral maturity. By 2026:

- People are less likely to over-claim readiness
- Capacity constraints are named openly
- Governance is understood as operational, not theoretical
- The limits of AI are discussed as seriously as its benefits

This is what it looks like when innovation becomes normalised.

# What's driving the shift in 2026?

Several forces are converging.

## 1. Capacity pressure

AI now competes directly with statutory demand, workforce shortages and financial constraint. This makes selective, high-impact use more important than ever.

## 2. Governance moving from principle to practice

DPIAs, EQIAs and assurance processes are no longer hypothetical. They must function in live, changing environments – and many councils are still learning how to do this well.

## 3. Scaling as the real challenge

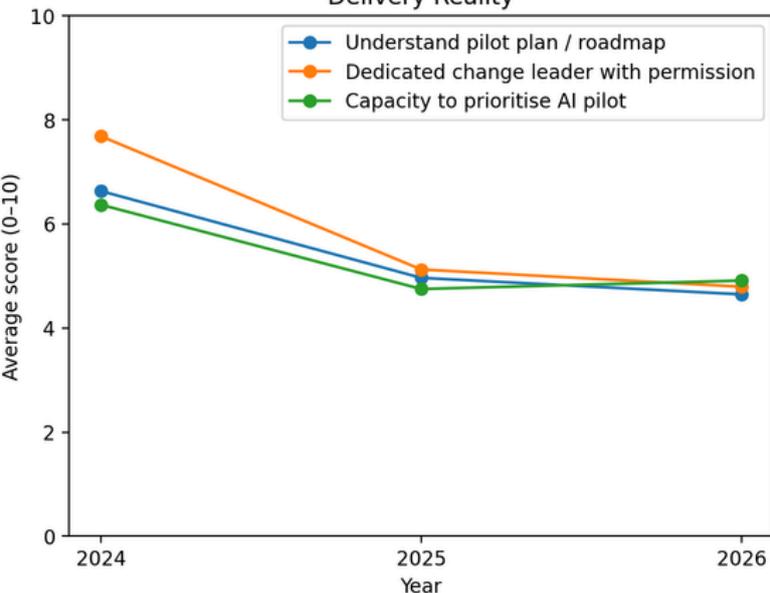
Pilots are no longer the hard part. Scaling, sustaining and sharing solutions is where momentum is being lost – and frustration is growing.

## 4. Rising expectations of impact

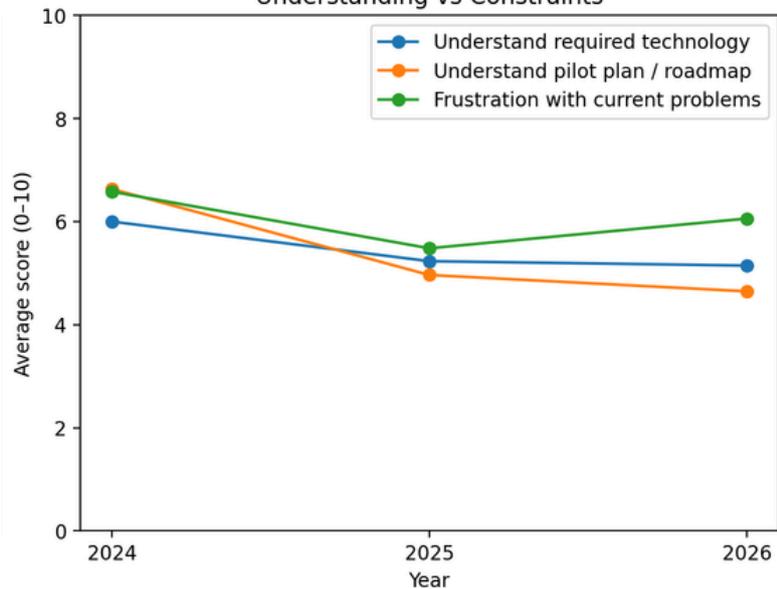
Leaders and practitioners alike are asking:

- What has this actually changed?
- Where is time genuinely being saved?
- Which tools are worth embedding?

Delivery Reality



Understanding vs Constraints



# What This Moment Calls For

The 2026 picture points clearly to a new set of priorities:



Fewer, better-chosen use cases



Shared learning and reduced duplication



Practical, reusable governance approaches



Stronger focus on workforce confidence and support



Measuring impact, not activity

# Conclusion: A Sector Growing Up Fast

Over three years, local government has not just adopted AI – it has learned how to learn about AI. The dip in scores seen in 2026 does not reflect retreat. It reflects realism, discernment and rising standards.

The next phase will not be defined by who pilots the most tools, but by who can:

- Embed AI responsibly
- Scale what works
- Support people through change
- Deliver measurable outcomes under pressure

This report captures a sector in the midst of that transition – and a community actively shaping what comes next.



# Supporting The Next Phase: From Challenge to Impact



The findings in this report point to a clear challenge for the sector. Many organisations have:

- Moved beyond experimentation
- Built confidence through pilots
- Gained a realistic understanding of AI's potential and limits

But are now facing persistent gaps around:

- Capacity and prioritisation
- Change leadership and permission to take risks
- Practical governance that works in live environments
- Scaling what works beyond individual teams or champions
- Evidencing impact in ways that stand up to scrutiny

This is the point at which ad-hoc approaches begin to stall, and where structured support can make the difference between progress and plateau.



**Outcomes Matter Consulting** works with local authorities and system partners to support this transition – helping organisations move from challenge to impact.

Our work focuses on:

- Identifying high-impact, realistic use cases under real capacity constraints,
- Supporting services to embed AI into business-as-usual work,
- Translating governance requirements into practical, usable approaches,
- Building confidence and capability across the workforce,
- Helping organisations improve and evidence impact on outcomes, not just activity.

This is not about introducing more technology for the sake of it.

It is about working with you, to improve outcomes for those you support, whilst reducing demand on your services.

Contact [emma@outcomesmatter.co.uk](mailto:emma@outcomesmatter.co.uk) to arrange a chat ✨

# With Special Thanks To...

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LGAi Summit 2026 attendees for sharing their insight and experiences.

And to our Speakers for giving up their time and sharing their expertise:

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Carolyn Muir – Cera, Genie Connect

Cath Ritchie – North Yorkshire Council

Jamie Rowbotham – North Lincolnshire Council

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Shelley Bowyer – Buckinghamshire Council

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