THE CHANGING LANDSCAPE FOR LOCAL GOVERNMENT

A VISION FOR 2025

Prepared for Civica

UTS:CLG
CENTRE FOR LOCAL GOVERNMENT

UTS
UNIVERSITY OF TECHNOLOGY, SYDNEY

clg.uts.edu.au

This report has been prepared by Liana Wortley, University of Technology Sydney, Centre for Local Government (CLG).

The full UTS team for this engagement comprises:

> Project Manager: Sophi Bruce

> Senior Research Advisors: Liana Wortley, Sasindu Gamage

TABLE OF CONTENTS

TABLES

FIGURES

Executive Summary

The Project

The Centre for Local Government at the University of Technology Sydney (UTS:CLG) and Civica, a leading provider of software and services to local government, undertook research to develop a vision of what local governments and communities in Australia & New Zealand would be like in 2025. This report presents the headline findings from stage one, the survey.

Our survey asked 250 senior leaders in local government their vision for 2025. We were interested in their perspective on:

> What will characterise the citizens[1] of 2025?

> How will citizens interact with local councils?

> What changes to the local government sector will occur?

> How will current councils transition to *the local council of 2025*?

The citizens and policy issues of 2025

Respondents characterised citizens of 2025 as:

> Always connected and mobile

> Longer lived and part of multigenerational households.

Technology was expected to play a significant role in how citizens interact with local councils.

Ageing infrastructure was anticipated to be the main policy issues of 2025.

The local council of 2025

Respondents thought that the local council of 2025 would:

> Provide sustainable infrastructure

> Act as guardians of community and budgets

> Embrace strategic partnerships

> Consolidate services through shared services delivery or amalgamation

---

[1] In this report, 'citizens' are defined as people living in Australia and New Zealand and should be interpreted as synonymous with community. It should not be interpreted as the legal status of residents.

> Have flexible, cross agency teams.

Senior leaders expected that in-house services would be augmented with third party collaboration. Technology innovation was expected to be a key area where third parties were engaged.

Respondent expected 2025 local councils to have adopted digital based processes and resources. These would include:

> Flexible working supported by mobile devices

> Multi-channel communication

> Community portals for information on government services.

Cloud based applications and services were anticipated to play a significant role is shaping the service for local councils in 2025.

Pathway to 2025

Respondents had mixed views on the capacity of their local council's management team to oversee the transition to 2025. About half of respondents felt that there local council was getting there, while others felt there more training and skill development was required.

The main issues identified as preventing transformation were:

> Scale of requirements vs. budget available

> Restrictive culture

> Insular and siloed mentality.

Senior leaders expected that the transition to the local council of 2025, however, could be achieved through bold leadership and a management team that could plan strategically to develop a roadmap to drive change.

1 Introduction

The Centre for Local Government at the University of Technology Sydney (UTS) and Civica, a leading provider of software and services to local government, undertook research to develop a vision of what local governments and communities in Australia & New Zealand would be like in 2025.

The aim of the research was to:

> Understand the demands of citizens and the role local governments will play in supporting communities in future years

> Set out the future visions for local government service delivery

> Provide local government leaders with solid recommendations on how to achieve this

> Discuss the role of companies like Civica, and how suppliers to local government may need to adapt to work as a valued partner, and not just a technology provider.

The project involved two stages.

Stage one

An online survey of 250 senior local government employees including General Managers (GMs), Chief Executive Officers (CEOs), directors and managers was conducted. The survey asked questions on:

> What will citizens be like in 2025?

> What will be the main policy issues in 2025?

> What will be the role of local councils in 2025?

> How will current councils transition to the local council of 2025?

Stage two

Two roundtable discussions with senior local government employees were held in Wellington, New Zealand and Melbourne, Australia. The headline findings from stage one were used to guide the development of the roundtable discussions.

This report presents the headline findings from stage one, the survey.

2 The survey

What we asked

Our survey asked senior leaders in local government their vision for 2025. We were interested in their perspective on:

> What will characterise the citizens of 2025?

> How will citizens interact with local councils?

> What changes to the local government sector will occur?

The survey sought their views on the council of the future's culture, business models, partnerships, integration of technology and senior management.

Who answered

We had 250 senior leaders answer our survey from around Australia and New Zealand. The respondents came from 176 local councils and included CEOs, GMs, directors and managers. Figure 1 provides the percentage of respondents from Australia and New Zealand, and the representation of states and territories in Australia.

FIGURE 1: THE LOCATION OF RESPONDENTS

The senior roles in council were well represented in the survey. A slightly greater number of managers responded compared to GMs or CEOs, however the difference between the three groups was small (figure 2).
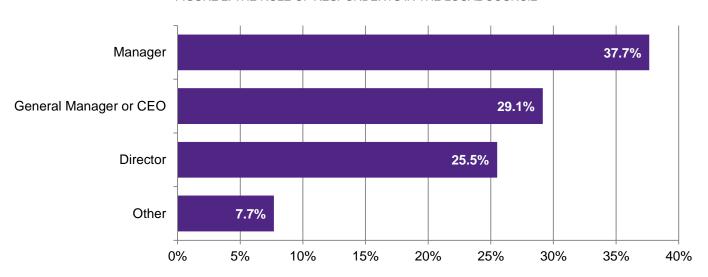
FIGURE 2: THE ROLE OF RESPONDENTS IN THE LOCAL COUNCIL

The directors and managers came from a range of departments including:

> Corporate services

> Community services

> Infrastructure and planning

> Environmental management

> Finance

> Information Technology.

The analysis of the respondents' location and role indicate that the opinions captured in the survey are likely to be a reasonable representation of the views of senior leaders in the local government sector.
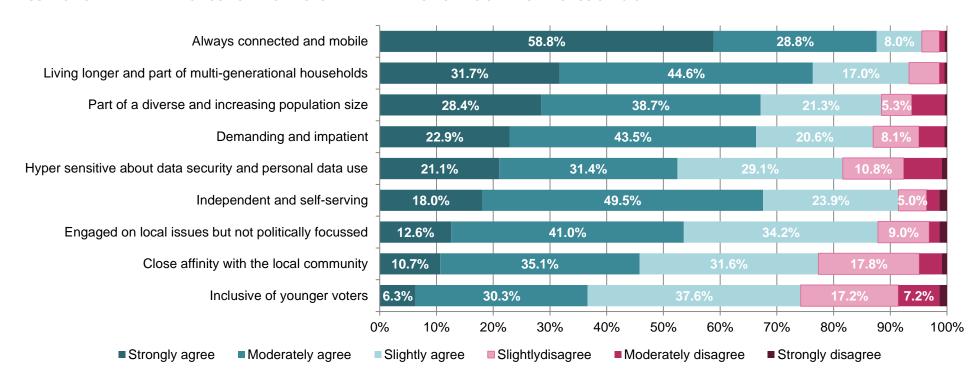
3   The citizens and policy issues of 2025

The citizens

Technology was a common theme of senior leaders' vision of the citizens of 2025.

When asked what characterised the citizens of 2025, almost 60% of respondents strongly agreed that they will be always connected and mobile. Senior leaders also thought that citizens would live longer and be part of multi-generational households. There was less agreement, however, that citizens would be more engaged or have a close affinity with the local community. Interestingly, although respondents thought citizens would be more connected and mobile, relatively few agreed that citizen would be more sensitive about data security and personal data use (figure 3). This suggests that an increase in mobile connections was not thought to increase risk to privacy.

FIGURE 3: TO WHAT EXTENT DO YOU AGREE OR DISAGREE WITH THE FOLLOWING CHARACTERISTICS OF 2025?

Characteristic	Strongly agree	Moderately agree	Slightly agree	Slightly disagree	Moderately disagree	Strongly disagree
Always connected and mobile	58.8%	28.8%	8.0%			
Living longer and part of multi-generational households	31.7%	44.6%	17.0%			
Part of a diverse and increasing population size	28.4%	38.7%	21.3%	5.3%		
Demanding and impatient	22.9%	43.5%	20.6%	8.1%		
Hyper sensitive about data security and personal data use	21.1%	31.4%	29.1%	10.8%		
Independent and self-serving	18.0%	49.5%	23.9%	5.0%		
Engaged on local issues but not politically focussed	12.6%	41.0%	34.2%	9.0%		
Close affinity with the local community	10.7%	35.1%	31.6%	17.8%		
Inclusive of younger voters	6.3%	30.3%	37.6%	17.2%	7.2%	

Technology was thought to play a key role in how citizens interacted with local councils of the future.
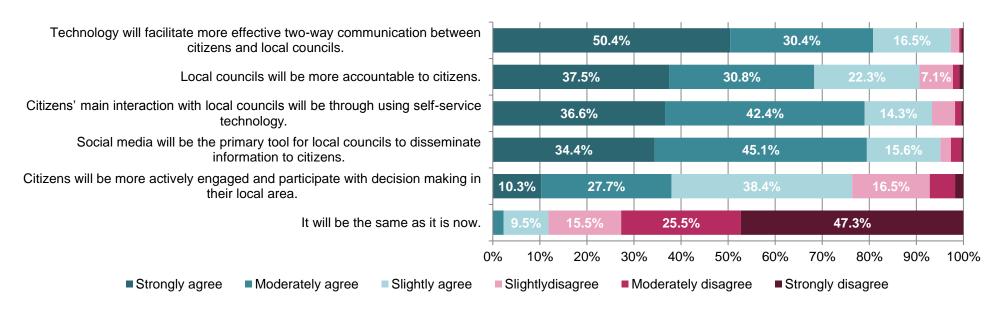
When asked how citizens will interact with local councils in 2025, senior leaders strongly agreed that technology would facilitate better two way communication. Respondents also agreed that local councils will be more accountable to citizens, self-service technology will be widely adopted and social media will be used to disseminating information. Almost all respondents thought that the way in which citizens interact with local councils would change. Nearly 50% strongly disagreed that it will be the same as it is now (figure 4). This suggests that local councils will need to adapt to meet the changing needs of citizens in 2025.

FIGURE 4: THINKING ABOUT HOW CITIZENS WILL INTERACT WITH LOCAL COUNCILS IN 2015, DO YOU AGREE OR DISAGREE TO THE FOLLOWING STATEMENTS?

	Strongly agree	Moderately agree	Slightly agree	Slightly disagree	Moderately disagree	Strongly disagree
Technology will facilitate more effective two-way communication between citizens and local councils.	50.4%	30.4%	16.5%			
Local councils will be more accountable to citizens.	37.5%	30.8%	22.3%	7.1%		
Citizens' main interaction with local councils will be through using self-service technology.	36.6%	42.4%	14.3%			
Social media will be the primary tool for local councils to disseminate information to citizens.	34.4%	45.1%	15.6%			
Citizens will be more actively engaged and participate with decision making in their local area.	10.3%	27.7%	38.4%	16.5%		
It will be the same as it is now.			9.5%	15.5%	25.5%	47.3%

The policy issues

We asked respondent to rank the main policy issues facing local councils in 2025. From the list of options, senior leaders in local government identified ageing infrastructure and assets as the top issue (figure 5). Many more respondents ranked this as number one over issues such as climate change, environmental management or affordable housing. Ageing infrastructure is an issue already facing many local councils. In 2013, the Division of Local Government in the NSW Department of Premier Cabinet released the *Local Government Infrastructure Audit.* This report found that there was significant backlog on infrastructure that needed to be updated across all NSW councils[2]. The responses of senior leaders suggest that this is likely to remain a key issue for local councils.

FIGURE 5: WHAT DO YOU THINK WILL BE THE MAIN POLICY ISSUE FACING LOCAL COUNCILS IN 2025?

---

[2] Division of Local Government (2013). *Local Government Infrastructure Audit.* NSW Government, Premier and Cabinet, Sydney.
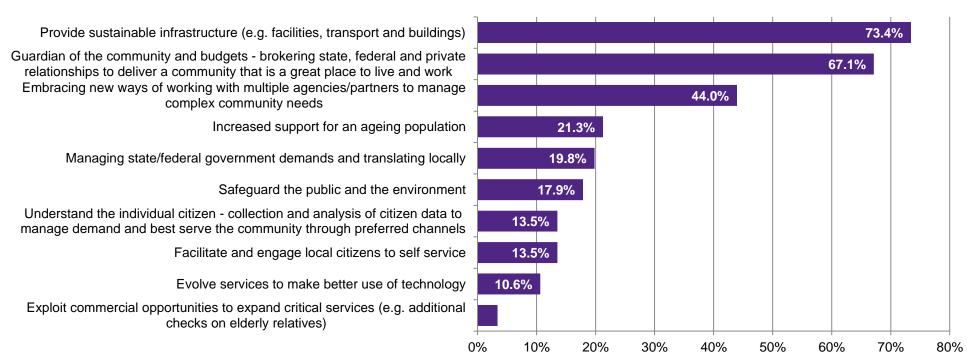
4   The local council of 2025

The primary role of local councils:

We asked respondents what they thought the primary role of local government would be in 2025. Respondent could choose up to three options. The responses reflected senior leaders' identification of ageing infrastructure as a primary policy issue. Almost three quarters of respondents thought that the main role of the local council of 2025 would be to provide sustainable infrastructure (figure 6).

Senior local government leaders also envisaged that a key role of local councils would be to respond to community's needs. This further highlights the importance of local councils adapting to meet the changing citizen of 2025. Respondents saw local councils as working with other departments, tiers of government and the private sector to meet community needs. Approximately 67% of respondents saw local councils as guardians of the community and budgets to deliver a community that is a great place to live. A total of 44% thought future councils would embrace working with multiple agencies or partners (figure 6).

FIGURE 6: WHAT DO YOU BELIEVE WILL BE THE PRIMARY ROLE OF LOCAL COUNCILS IN 2025?

Local councils working together and with the private sectors

Senior leaders placed considerable emphasis on partnerships in their vision of the council of 2025.

We asked respondents what they thought would be the characteristics of the local councils 'future model'. Respondents selected all options that applied and ranked them according to the characteristics they thought were most representative. The top ranked responses were outcomes based strategic partnerships to provide baseline services and merged local councils (figure 7).
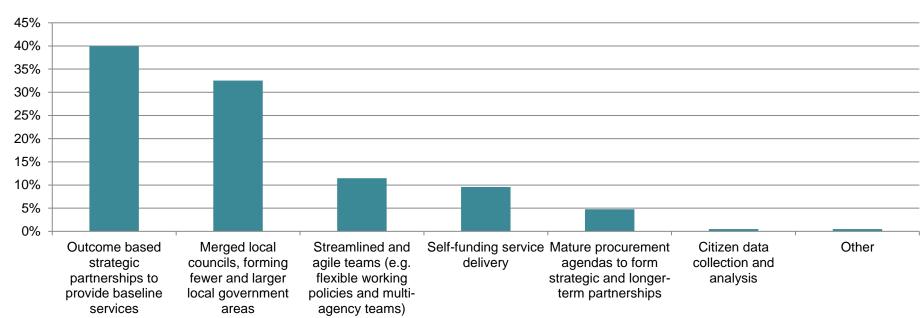
FIGURE 7: WHAT CHARACTERISTICS DO YOU THINK WILL BE PART OF THE LOCAL COUNCILS 'FUTURE MODEL' OF 2025?
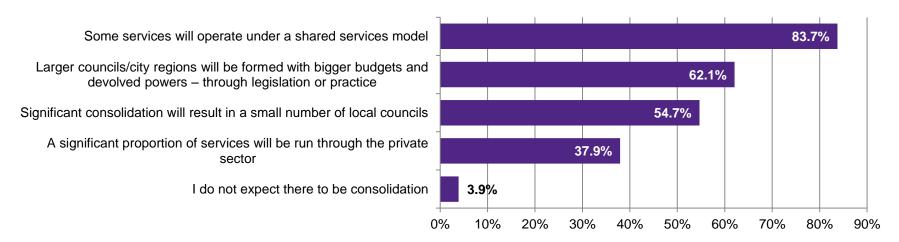
We then asked respondents how they thought services would be consolidated in 2025. Respondents were able to select all responses that applied. Very few senior leaders thought that there would be no consolidation (3.9%). Almost 84% predicted that a shared service model would be adopted. A significant proportion of the respondent also though that amalgamations would be a part of local councils future (figure 8). Relatively few respondents thought that a *significant* proportion of services would be run through the private sector. This suggests that there is a preference amongst senior leaders to deliver service 'in house'.

However, when asked what areas local councils would work with a third party on, almost no respondents thought that they would not work with a third party (figure 9). These results suggest that senior leaders see a role for both in-house and private partnerships for local council service delivery in 2025.
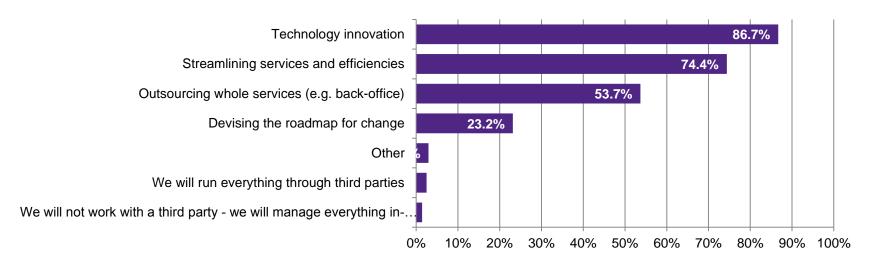
Technology innovation was identified as a key area that local councils of 2025 would work with third parties on. Almost 87% selected this option. Streamlining services and efficiencies was further identified by senior leaders as an area where local council would work with a third party. Over 50% thought that whole services would be outsourced to private parties (figure 9).

FIGURE 8: BY 2025, HOW DO YOU THINK SERVICES WILL BE CONSOLIDATED?

Some services will operate under a shared services model — 83.7%
Larger councils/city regions will be formed with bigger budgets and devolved powers – through legislation or practice — 62.1%
Significant consolidation will result in a small number of local councils — 54.7%
A significant proportion of services will be run through the private sector — 37.9%
I do not expect there to be consolidation — 3.9%

Category	Value
Technology innovation	86.7%
Streamlining services and efficiencies	74.4%
Outsourcing whole services (e.g. back-office)	53.7%
Devising the roadmap for change	23.2%
Other	
We will run everything through third parties	
We will not work with a third party - we will manage everything in-…	

Technology

Technology was envisaged to be widely incorporated in the local councils of 2025 and shape the services that were delivered.

We asked respondents what digitally based processes and resources would be in all local councils. Respondents were able to select all options that applied. The most selected response was flexible working supported by mobile devices. This was closely followed by multi-channel communication and community portals for information on government services. There was a high response to all technology options with less than 1% choosing 'none of the above' (figure 10).

We also asked respondents what trends they thought would shape the council services of 2025. They could choose up to three options. The most popular response from senior leaders was cloud based applications and services (figure 11). Cloud services are those that are available on demand via the internet. Other technology innovations such as Google eye glasses, 3d printing and augmented reality, were considered unlikely to have an impact on how council operates.

FIGURE 10: WHICH OF THE FOLLOWING DIGITALLY BASED PROCESSES AND RESOURCES DO YOU BELIEVE WILL BE IN ALL LOCAL COUNCILS BY 2025?
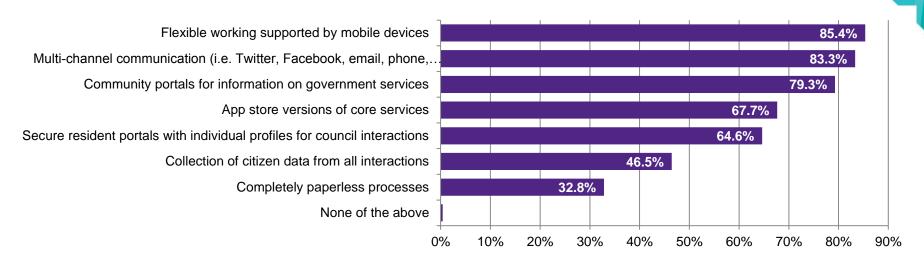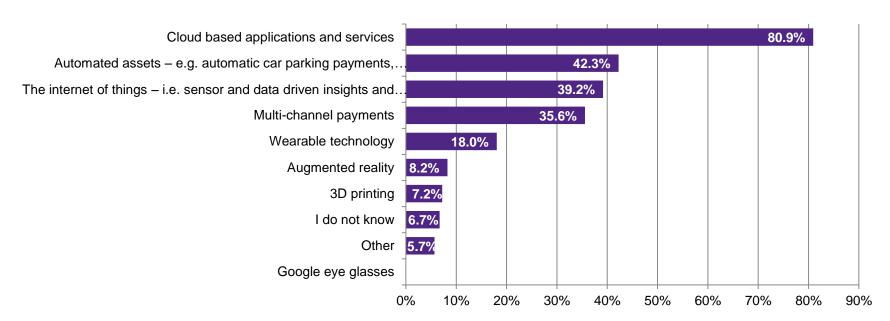
Category	Percentage
Flexible working supported by mobile devices	85.4%
Multi-channel communication (i.e. Twitter, Facebook, email, phone,…)	83.3%
Community portals for information on government services	79.3%
App store versions of core services	67.7%
Secure resident portals with individual profiles for council interactions	64.6%
Collection of citizen data from all interactions	46.5%
Completely paperless processes	32.8%
None of the above	

FIGURE 11: WHICH CURRENT TRENDS DO YOU BELIEVE WILL SHAPE THE COUNCIL SERVICES OF 2025?

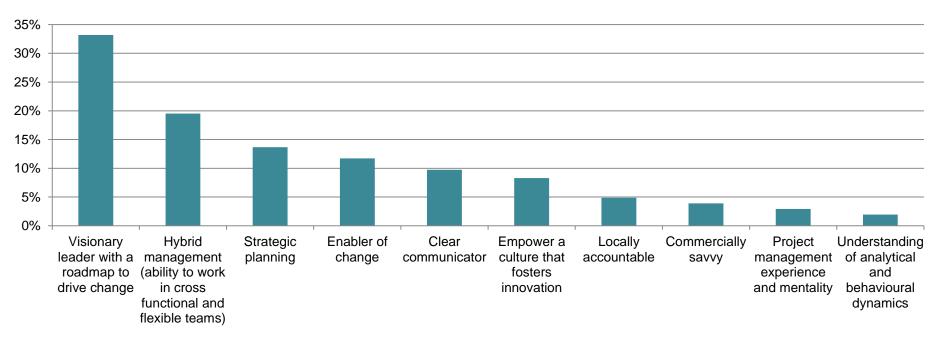| Category	Percentage
Cloud based applications and services	80.9%
Automated assets – e.g. automatic car parking payments,…	42.3%
The internet of things – i.e. sensor and data driven insights and…	39.2%
Multi-channel payments	35.6%
Wearable technology	18.0%
Augmented reality	8.2%
3D printing	7.2%
I do not know	6.7%
Other	5.7%
Google eye glasses	

Leadership skills

Senior leaders in local government thought that their future counterparts would be visionary and flexible.

Respondents were asked to select and rank the leadership skills that would be most sought after in 2025. Being a visionary leader with a road map to drive change was considered the most desirable. The second top response was hybrid management meaning the ability to work in cross functional and flexible teams. Flexibility and visionary were thought to be more sought after skills than project management and experience, being commercially savvy or understanding analytical and behavioural dynamics (figure 12).

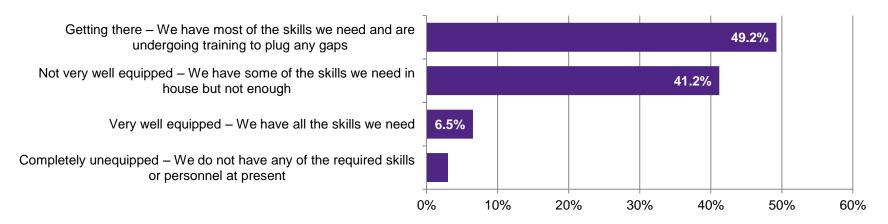FIGURE 12: WHICH LEADERSHIP SKILLS WILL BE MOST SOUGHT AFTER IN 2025?

5   The pathway to 2025

After asking respondents what they envisaged for 2025, we then asked senior leaders to think about how local council would achieve this vision.

We first asked the senior leaders whether their current management team was equipped to oversee the transformation required ahead of 2025. There was a fairly even divide between positive and negative responses. Almost 50% of senior leaders thought that the management team were generally getting there, with options for further training to up skill as required. However, 41.2% thought that they were not very well equipped. Few respondents thought they were completely unequipped or very well equipped. These findings indicate a need for further training and skill development in local council management teams to achieve the vision of 2025.

FIGURE 13: CONSIDERING YOUR RESPONSE TO THE PREVIOUS QUESTIONS - FROM A SKILLS PERSPECTIVE, HOW EQUIPPED IS YOUR CURRENT MANAGEMENT TEAM TO OVERSEE THE TRANSFORMATION REQUIRED AHEAD OF 2025?

We asked respondents what was holding back transformative change. They were asked to select and rank all options that applied. Senior leaders were most concerned with costs. This is a common concern of local governments. The top ranked option was the scale of the required changes relative to the budget available (table 1). The restrictive culture was also identified as a key issue holding back transformative change. This suggests that, although further skill may be required to achieve transformation, senior leaders consider costs and culture as key barriers. Some respondents, however, were very positive about their ability to change with 8.6% ranking 'nothing is holding back transformative change' as number one.

Issue holding back transformative change	Percentage of respondents that ranked this as #1
Scale of requirements vs. budget available	25.9%
Restrictive culture	17.8%
Nothing is holding back transformative change	8.6%
Other	8.1%
Insular and siloed mentality	7.6%
Inflexible and limited technology	6.6%
Diverse demographic needs	6.1%
Process	4.6%
Fear of negative resident reaction	4.1%
Poor or inadequate succession planning	3.6%
Lack of confidence in the management team	2.5%
Knowledge of the citizen and community demands	2.0%
Competence in selecting the 'right fit' partner	1.0%
I don't know where to start or who to work with	0%

We then asked respondents to select up to three elements that would drive local council's transformation. Senior leaders thought that bold leadership and vision were required to transform into the council of 2025. Innovation to achieve economies of scale, the demands of citizens and state defined policy were also identified as the drivers of change (figure 14).

Respondents thought that the management team leading the transformation to 2025 should have similar skills to the leaders of 2025. We asked respondents to rank the top three attributes that were most important for driving the journey to 2025. By far the highest ranked attribute was the ability to plan strategically (figure 15). These findings indicate that senior leaders think that bold and visionary leaders with the ability to think and plan strategically are required for local councils to achieve their vision for 2025.

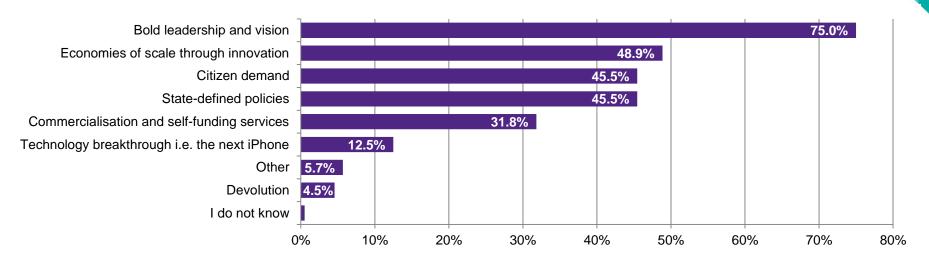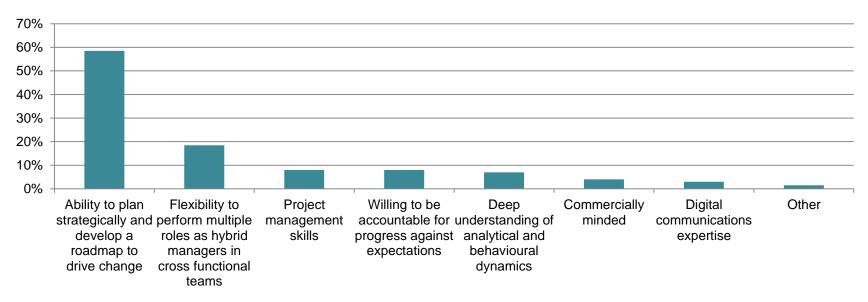FIGURE 14: ON THE ROADMAP TO 2025, WHAT DO YOU BELIEVE WILL DRIVE LOCAL COUNCIL'S TRANSFORMATION?

Bold leadership and vision: 75.0%
Economies of scale through innovation: 48.9%
Citizen demand: 45.5%
State-defined policies: 45.5%
Commercialisation and self-funding services: 31.8%
Technology breakthrough i.e. the next iPhone: 12.5%
Other: 5.7%
Devolution: 4.5%
I do not know

FIGURE 15: WHICH ATTRIBUTES WILL BE THE MOST IMPORTANT IN A MANAGEMENT TEAM DRIVING THE JOURNEY TO 2025?

- Ability to plan strategically and develop a roadmap to drive change
- Flexibility to perform multiple roles as hybrid managers in cross functional teams
- Project management skills
- Willing to be accountable for progress against expectations
- Deep understanding of analytical and behavioural dynamics
- Commercially minded
- Digital communications expertise
- Other

6   Conclusion

Senior leaders in local government envisaged a future where citizens were more connected and mobile, and where technology played a key role in citizens' interaction with council. In 2025, senior leaders predicted that the backlog of ageing infrastructure would present the main policy challenge facing local councils.

Senior leaders saw that the primary role of local councils in 2025 would be to respond to the changing citizen and policy issues of 2025 by providing sustainable infrastructure and addressing the community's needs. They predicted that this would be achieved through partnerships with other jurisdictions and the private sector. Almost all respondents to the survey envisaged the local council of 2025 will have some form of consolidation, be it either a shared service model or amalgamation. They also saw a role of third party partnerships; however this would be balanced with in-house service provision.

Technology is expected to be an important influence in the local council of 2025. Senior leaders expected that technological innovation would be an area where councils worked with third parties. Almost 100% of respondents believed that digital based processes and resources would be integrated into local council practices. Cloud based applications and services where thought to have the most impact on local councils and would shape the way that they operated.

Senior leaders predicted that the leadership skills that would be valued in 2025 were strategic vision and flexibility. This was thought to be more important than having experience in project management, understanding analytical and behavioural dynamics, or being commercially savvy. Being visionary and flexible were also thought to be important attributes of the management team leading the local council towards 2025. There was some concern over local council's capacity to achieve the vision of 2025, with skills capacity and the amount of available resources identified as barriers. However, senior leaders felt that bold leadership and the ability to plan strategically would allow councils to transform, respond to the changing citizen and meet the policy issues of 2025.

UTS:CLG

CENTRE FOR LOCAL GOVERNMENT