

Local government



Just like every other organisation, local government will experience severe economic shock with deep and lasting consequences. Whilst rapidly adjusting to the realities of a severely disrupted operating environment, council organisations must also show leadership, agility, compassion, and clear and confident decision making as they help communities navigate the challenges ahead. One thing this crisis has taught us is the speed with which we can change when required; we have overcome barriers previous considered impossible, found new ways of working, and created an opportunity to emerge from these turbulent times stronger and fitter for the future.



There are big decisions ahead and how our communities fare will depend on the choices we make on matters such as:

Rates and revenue: The approach to funding and financing was an area already under the microscope. While the Productivity Commission concluded largely in favour of the status quo the status quo is no-longer tenable. Councils must find new ways of funding service delivery and fast because the demand for services has never been higher and doing nothing is not an option.

Capital projects: In large part, councils exist to meet the continuous requirement for infrastructure renewal, modernisation, and growth. Capital project delivery has been an area beleaguered by challenge and tragedy as projects large and small have suffered from questionable justification, protracted planning, transactional procurement, weak controls, low margins, poor quality and large contract over-runs. The trust placed in traditional capital projects to deliver better service outcomes is being questioned by many sectors. Councils too must consider how to achieve outcomes in an uncertain environment that no-longer supports or favours big capital schemes. Which projects should remain? How do we ensure they are delivered quicker and more successfully in this new far more risky landscape?

Redefining services and purpose: The range of services provided by councils has been remarkably stable over recent times, however the types of services and the service level needs for communities have changed dramatically and will likely continue to change for years to come. The demand for public transport, community services, parking, housing, welfare, arts and entertainment, and economic development will need careful consideration and new tests of prudence. Councils may need to establish new services as the interpretation of 'current and future interests of communities' is redefined. Traditional forms of planning and budgeting will struggle to adjust, and tough calls will be required.

Resilience, the environment, and the economy: Which is it to be? What does our new value creation framework look like now? What will our citizen priorities be? Who are our new demographic groups? Councils will need to re-appraise the ambition for their towns and cities, they will need to show leadership and engage citizens far more directly. The imperatives for the resilience, the environment and the economy have only increased. New local economic models that promise more than binary choices deserve attention as it becomes clear that a return to our old industries and patterns of consumerism makes less and less sense.

Investing in organisational agility: A new pace of service delivery is required, one that rapidly turns plans in to action whilst maintaining strong governance, increasing capacity for coordination, enabling new partnerships, and empowering teams to make fast and reliable decisions. Councils will need to be better at managing risk, integrating functional teams, communicating with stakeholders, responding to changed circumstances. Underpinning this new agility will be a far more pervasive and powerful technology layer. Designing the organisational operating model, leveraging technology, and creating the culture to support these new requirements should be a priority mission for councils intent on successful adaptation to the new normal.

Future analysis

Far from being a negative the change opportunity that is now confronting local government is a rare and immensely exciting one. The level of innovation and acceptance of change among individuals and organisations is at an all time high in every corner of the world. New Zealand is poised to be a model of what good can be, not only in terms of our handling of the response to COVID-19, but also in terms of the recovery and our transition to a greener, fairer, and more prosperous society. Local government has an enormous role to play in this recovery, we must, for the good of all, make the very best of this moment in time.



FADES analysis

The potential roadblocks are many and for change to occur a clear strategy to properly address these roadblocks is required. Common roadblocks include:

The machinery of council: the political framework, systems of governance, and disconnected work groups are not well suited to agile ways of working. Councils will need to balance the need for change against the demands of statutory and regulatory functions. However, the opportunity to reform must not be squandered.

Funding shortfall: Councils must operate within their means. Finding ways of reducing cost, realising new revenue streams and accessing new forms of finance will be critical. Change, even to a lower cost or more efficient operating model, often requires upfront investment; the benefits of change must be compelling, and the realisation of those benefits assured.

Digital and technology roadmap: The rapid transition to remote ways of working and the remarkably effective nature of virtual teams has, for many, been one of the welcome positives of the lockdown. Yet there have been areas of technology weakness and heightened risk in terms of system reliability, data privacy, and cyber security. The importance of investment in technology for Councils is clear, but in many cases the roadmap is not.

Capacity and capability: Council organisations are lean by design; the ability to manage transformation whilst maintaining essential services and meeting service level expectations is a regular area of challenge. There is no option, change is coming. Councils must get into a change ready state, establish a realistic and risk managed roadmap, and clearly communicate the opportunity of change ahead.

Community engagement: When faced with a crisis, communities look to Councils to provide guidance and reassurance. In times of uncertainty this guidance and reassurance is hard to provide with high degree of clarity and confidence; often leading to frustration and conflict. Councils will need to extend their engagement programmes to work with communities, overcome challenging situations, and act as a catalyst for positive action to counteract decline and decay and forge new sustainable futures for communities and their neighbourhoods.

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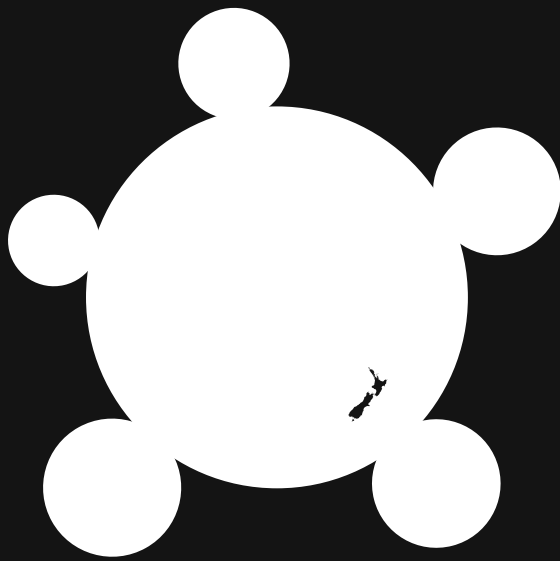
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