Making it happen

South African survey

A roadmap for South African municipalities to achieve desired outcomes

A PwC Public Sector Research Centre publication

September 2012
Foreword

As they confront multiple challenges that have been intensified by the financial crisis, municipalities have to urgently implement strategies that allow them to compete for business investment, retain talent and attract visitors and investors.

How can city and municipal managers in South Africa best execute their municipality’s strategy and deliver their vision in this new era? Will they be able to deliver their desired outcomes? And can they overcome budget constraints and still develop and improve their local economies?

As the world emerges from recession, this report focuses on how municipalities can make things happen by identifying the success factors that are essential for the execution of a municipality’s strategy and making progress towards realising its vision and delivering on its mandate and Outcome 9.

Leadership is not enough

Leadership is critical to the development and execution of any organisation’s strategy – top level sponsorship is an absolute requirement, as this survey highlights. But leadership on its own is also not enough. Delivering outcomes is no longer predominantly dependent on one capability, but a combination of many, both within and across organisations.

With a proliferation of public, private and voluntary sector organisations working together in collaborative partnership to deliver public services, all stakeholders – internally and externally – need to be aligned in order to maximise the chances of success. And in an era of fiscal austerity for many municipalities, now is a time to prioritise and focus, both on outcomes and on the challenges of financing their service delivery capacity.

Our goal in publishing this report is to outline the agenda for action for local government leaders in addressing this new world. We set out our views on how municipalities can deliver the outcomes that their stakeholders – residents, businesses and provincial and national government – need and want through effective implementation of their strategies, supported by examples of success and good practice.

The research contained in this report builds on the insights offered in PwC’s Global Cities and Local Government Network’s publication ‘Cities of the Future’ and subsequent toolkit, last year’s report on the impact of the global financial crisis (‘Seizing the day’) and drawing on our experiences in working with local government around the world.

Thanks

We appreciate the time taken by local government leaders who responded to our survey. In order to provide a geographically balanced spread, this report includes the survey results of 36 municipalities across South Africa. It further takes the different categories of municipalities in South Africa into account as it covers metropolitan, local and district municipalities.

We acknowledge the time and effort taken by the team at the South African Local Government Association (SALGA) in working with us to make the survey and report happen.
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A strategy is only as good as its execution. The starting point for any municipality is to formulate a clear vision that captures its strategic ambition. It is therefore encouraging to see in our survey that all respondents have a strategic vision documented. A concern, however, is that only just more than half (56%) say the vision is being implemented, having an impact and being regularly updated.

In order to channel all resources towards accomplishing the vision, a municipality’s management also has to develop multiple internal capabilities: inspirational leadership, a resilient municipal brand and an ability to learn from other municipalities through social intelligence. It needs to manage its finances effectively.

It also needs to have the capability to manage its key programmes and projects, its performance and associated risks and its assets, including the human capital employed in performing any municipal function. In addition, all of this must be done in a way that is sustainable and collaborative in partnering with citizens, the private sector, academia and non-governmental organisations (NGOs).

Our survey shows that municipalities appear to be reaching out to their external stakeholders when formulating their visions and implementing their strategies. For example, most municipalities in our survey reported the need to partner corroboratively with private (89%), public (81%) and voluntary (58%) sector organisations to deliver their strategies.

However, the survey suggests that there is one standout internal capability driving strategy implementation: leadership. This is far and away the most important factor seen by survey respondents as enabling strategy implementation, with over two-thirds (69%) emphasising it. Furthermore, 83% of respondents believe that there has been a positive impact of leadership on the implementation and delivery of outcomes from their strategies.

While we agree that leadership is crucial to strategy implementation and making things happen, in our view leadership on its own is not enough. Our survey reveals that, of the other internal management capabilities needed to accomplish a municipality’s vision, many are falling short of the necessary requirements in four key areas:

- **Financing**
  More than half (56%) of respondents see this as the biggest barrier to implementing strategies. There also appears to be a lack of capability to make plans resilient to the financial challenges. Less than a third (31%) of respondents reported having a strategic plan underpinned by a financial plan, with key risks properly assessed and mitigated. For the rest, there is an associated lack of capacity in-house to manage and develop new forms of finance to enable the continued delivery of services and outcomes to citizens. Only 3% report that their organisations have a very strong capacity in this regard.
• **Implementation planning**
  Only one in three (30%) respondents have a comprehensive implementation plan, with accountabilities and responsibilities in place together with frequent monitoring, updating and risk mitigation. Just 6% reported that they had no plan in place at all. In these circumstances, no strategy can be implemented at all.

• **Supporting frameworks, tracking systems and performance management**
  Outcome assessment and sourcing (both 53%) were cited as the greatest challenges to service delivery. Only one in five (19%) survey respondents has a comprehensive performance management framework in place that is fully aligned to the municipality's strategic objectives and supported by transparent reporting of performance. Similarly, only one in four respondents (25%) has a comprehensive risk management framework in place that is implemented throughout the municipality. This is of particular importance given the trend towards increasing use of partnering, including more sophisticated approaches to results/outcomes-based payment. Where respondents were making use of partnerships, 36% viewed results/outcomes-based payment as extremely effective. These trends require effective systems to be in place in order to measure, monitor, evaluate and manage performance.

• **Simplifying, standardising and streamlining**
  Although not specifically covered in the survey questionnaire, some of our other recent research shows that while size can assist branding in any organisation, it may also constrain agility and the ability to get things done quickly. In particular, organisations with smaller staff compliments seem more likely to involve all levels of staff in a collaborative process, with less negative impact on strategy implementation arising from the number of decision-making levels.

**What needs to be done**
In our view, there is an urgent need for municipalities to prioritise their strategy implementation activities and develop a road map to ensure that their organisations get the requisite internal capabilities and external relationships in place to implement their strategies efficiently and effectively, which will ultimately result in better outcomes for residents and businesses.

Municipalities face a challenging **agenda for action** to make things happen, including:

- Investing in their capabilities around financing – including sustainable cost management and revenue protection and enhancement – given that this is the biggest single perceived barrier to the implementation of strategies and delivery of outcomes;
- Redesigning their organisations to enable more effective collaboration with their primary stakeholders by, for example, setting joint outcome targets, building new partnering competencies and embedding performance measurement and management, which can be used as the primary mechanism for measuring and guiding strategy execution;
- Critically examining their organisations to check the alignment of their structures to strategy execution and delivery requirements and to seek out opportunities to standardise, simplify and streamline their operations, reducing the impact of the ‘silo effect’;
- Developing straightforward, well-documented implementation plans that make the roles, responsibilities and timetables for actions clear and which link these to a well-designed performance management system with regular reporting to guide timely remediation;
- Prioritising and managing programmes and projects more effectively by putting in place programme and project management capabilities and systems to measure outcomes (social as well as financial) and value for money; and
- A critical focus on outcomes that should be the touchstone for municipalities seeking to ensure effective strategy execution and efficient service delivery.

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Introduction and context

Today, cities and towns around the world are seen as the engines for sustainable economic growth. More than ever before the growth that cities and towns can achieve is strongly linked to their power to address social, environmental and economic issues in a holistic manner, while making the most of future opportunities. But the most pressing challenge for many cities and towns, which we address in this report, is how to make this happen.

This is all the more challenging against a backdrop of budget constraints, the need to manage cost in a sustainable manner, protect and enhance municipal revenue and find innovative ways to finance infrastructure. As we argued last year in ‘Seizing the day’, ‘with clear thinking and careful planning, these constraints and other finance issues need not decimate services. By reviewing services and the ways in which they are delivered, working at early intervention and prevention, focusing on commissioning and being really serious about forming effective local partnerships, leading municipal teams are showing the way.’

Cities and towns of the future

The management of municipalities is complex. In the publication ‘Cities of the Future’, we looked at ways to achieve the future development of a sustainable and competitive municipality. We advocated developing an integrated strategic approach, an approach which has now been tested with cities and municipalities of varying sizes and degrees of development across the world.

Figure 1: A holistic approach

Q: Is there a clear documented long-term (five years or more) strategic vision for developing your city? (Respondents could only choose a single response)

Base: 36 responses

Making it happen: A roadmap for cities and local public services to achieve outcomes

Implementation

'Dreaming city/town'

'City/town of the future'

City/town of opportunities

'Sleeping city/town'

'Adventurous city/town'

Policy

Clear, well articulated and implementable policy

Weak, unclear, well articulated incomplete implemented/just to make ends meets

Excellent service delivery

Base: 36 responses

The starting point for a municipality is formulating a clear vision that captures its strategic ambition. In order to channel all resources towards accomplishing the vision, municipal management has to develop multiple internal capabilities, including an inspirational leadership, a resilient brand and an ability to learn from other municipalities through social intelligence.

It also needs to manage its finances effectively and have the capability to manage the municipality’s key programmes and projects, its performance and associated risks and its assets including the human capital employed in performing any municipal function. Importantly, all of this must be done in a way that is sustainable and collaborative, consulting and partnering with citizens, the private sector, academia and non-governmental organisations (NGOs).

Developing a clear vision and internal management capabilities allows a municipality to prioritise, invest in and strategically manage the building blocks or ‘capitals’ needed to ensure long-term prosperity – social, environmental, cultural, intellectual, infrastructural, ICT and political participation.

By putting in place and implementing the appropriate policies, a successful municipality will maximise its investment in those capitals that are most relevant to its strategic vision, while optimising its investment in those capitals that are less relevant. This approach is being adopted by visionary cities and towns as a framework to think through the challenges they face.

Of course, municipalities vary in the extent to which their policies and performance are matching up to our vision of a city or town of the future (see Figure 2). Some of the key lessons we have learned in applying our holistic framework on municipalities include:

- The necessity of a vision (Growth and Development Strategy [GDS]) and strategic plan (Integrated Development Plan [IDP] linked to a Spatial Development Framework [SDF]) – while the existence of these may be mainstream now, this has not always been the case and is still not well-defined and effectively driven in those municipalities with the most to catching up to do;
- A good vision needs to be ambitious, but also realistic, with clear goals and practical steps towards achieving them;
- Vision-building and planning should include wider stakeholders – cross-boundary collaboration is needed along with a compelling and engaging vision;
- A holistic approach is needed to planning going from intelligence on socio-economic development, spatial development and others through to execution of the strategy; and
- The need to drill down and prioritise within this overall approach, developing a road map to the future to achieve fast lift-off.

In the depth of the ‘Great Recession’, out of all the capabilities required by a city or town’s management, the effective management of finances became an extremely essential enabler for many, particularly in the developed economies most impacted.
Cities of opportunity

The focus on the importance of a holistic, balanced approach to city or town development is a theme that has been further developed in PwC's four annual 'Cities of Opportunity' reports, produced in cooperation with the Partnership for New York City. As noted in the 2010 edition, 'the more well-balanced a city or town is for both businesses and residents, the better it will fare'.

These reports have sought to identify the position of selected cities across a spectrum of key factors, including:

• Intellectual capital and innovation;
• Technology readiness;
• Transportation and infrastructure;
• Health, safety and security; sustainability;
• Economic 'clout';
• Ease of doing business;
• Cost;
• Demographics and livability; and
• Lifestyle assets.

The most recent report published in May 2011 observes that 'holistic balance' characterises the top 10 cities in the rankings. All are well-established centres of economic energy and intellectual vitality. Although located on four continents, their common bond is their depth of:

• Economic infrastructure and networks;
• Law and jurisprudence;
• Commercial protection;
• Educational systems and cultural foundations;
• Civic organisations; and
• Social security.

Cities in crisis

While our reports have always sought to strike an optimistic tone, this has become more challenging in the last few years, as the multiple challenges faced by cities have been intensified by the global financial crisis.

In the depth of the ‘Great Recession’, out of all the capabilities required by a city’s management, the effective management of finances effectively became an extremely essential enabler for many, particularly in the developed economies most impacted. Other key enablers identified have been managing the city’s projects, performance and associated risks, partnerships, assets and human capital.

Indeed, in ‘Seizing the day’ we emphasised the importance of execution and implementation of strategy at a time of financial crisis (fewer resources), while also needing to address issues such as sustainability and stakeholder engagement. The report assesses how the financial crisis has impacted cities around the world and demonstrates that for cities to remain engines for growth, they need to execute their strategies effectively and efficiently. This will allow them to compete for business investment, retain talent and attract visitors as the private sector stages its recovery at different speeds across different continents.

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Making things happen

How can city and municipal managers in South Africa best execute their strategies and deliver their vision? Will they be able to deliver their desired outcomes? And will citizens and business be satisfied with the results?

To see how municipalities can best respond, we conducted research to obtain practical insights into the capabilities needed to implement a municipality’s strategy.

Between setting the vision and strategy for municipalities, and transforming their performance through effective strategy execution, lies a set of key success factors. These need definition, investment and nurturing in the context of doing more with less, the changing role of local government internationally and the need to collaborate on delivery with a wide range of stakeholders (private sector, citizens and NGOs).
Findings

In this section, we set out the findings of our survey of South African municipalities on the key management capabilities needed to turn strategies into action, along with a range of case studies demonstrating good practice across the capabilities needed to make things happen.

A lack of integration: vision, strategy and stakeholders

The starting point for any municipality is to have a strategic vision, formulated in collaboration with both internal and external stakeholders and setting out its chosen path of development and aligned to Outcome 9.

It is encouraging that all respondents have a strategic vision. A concern, however, is that only just over half (56%) say this vision is being implemented, having an impact and being regularly kept up to date (see Figure 3).

A vision for restoring lustre to the ‘Pearl of the Orient’

The image of idyllic beaches, temples and mosques, coupled with world-class schools and infrastructure, made the island of Penang an attractive destination for major multinationals from the 1970s. The listing of George Town as a UNESCO World Heritage Site in 2008 further boosted Penang’s tourism industry, which makes up 70% of Malaysia’s tourism receipts. However, growth in manufacturing and tourism is decelerating, with intensifying regional competition.

As a secondary city in Malaysia, Penang needs to be globally connected, regionally oriented and locally centred in order to escape the middle-income trap and become an advanced economy by 2020. Penang is transforming itself into a knowledge-centric, skills-intensive economy in niche areas including:

- Repositioning Penang as the business hub for the Indonesia-Malaysia-Thailand Growth Triangle (IMT-GT) and northern ASEAN regions;
- Strengthening and optimising existing growth areas like manufacturing of medical devices and medical tourism;
- Promoting growth in new areas like agribusiness (modern farming and supply – chain management); and
- Branding the new Penang by turning it into a ‘sticky place’ for retaining local talent and attracting talent globally.

In our survey, almost two in six (42%) respondents reported that their organisations’ strategy was ‘completely integrated with the strategic vision’. For 39%, the level of integration is not complete as there are gaps and a lack of full integration.

This picture of some, but not full, integration also appears to be the case for the level of internal and external stakeholder involvement:

- **Internally**
  Only 31% of respondents involve all levels of the municipality in a highly collaborative process to develop strategy.

- **Externally**
  Just under half of respondents (44%) say that external stakeholders (residents, public and private sector bodies and NGOs) are very involved through formal consultations and/or are key contributors ‘in a collaborative formulation process’ of the municipality’s strategy.

**PwC insight**

In our view, municipal managers need:

- A clear and deliverable strategy setting out the focus for the organisation, what’s driving it and what it does best and why;
- The ability to respond to a constantly changing environment through sensitivity to market forces and having visibility of the future impact; and
- A clear mandate for change that is driven through the organisation.

One of the key challenges for municipalities is to develop a strategy (GDS) based on the vision of the city or town. For such a strategy to stand a chance of being successfully implemented, key stakeholders should be involved in its development so that it is ‘owned’ by those who execute it.

Particularly in a downturn, there is an even greater need for municipal managers to make sure that they understand their stakeholders’ agendas (both within and outside their organisations) and maintain a regular and open dialogue in order to manage stakeholder expectations and win their support for change.

In our experience, stakeholders are often asked for input (traditional consultation) but there is a difference between this approach and an open, collaborative planning process with feedback. There is, therefore, a difference between consultation and real collaboration. There is also an issue around how communications are managed both internally and externally to get the most out of stakeholders and gather ‘the wisdom of the people’ in a way that helps most with strategy execution.

This is a place where there are real opportunities for the use of social media. The Arab Spring demonstrated how social media can be used to mobilise large numbers of citizens towards a common goal. If only a fraction of this energy could be harnessed for the design of city visions, it could be a powerful force behind making change happen.

**Leadership stands out**

Leadership and organisation can have a critical impact on the execution of strategy and the delivery of outcomes. Leadership does not stop with the person at the very top – it cascades down the levels of the organisation, from the council, executive management right down to team leaders.

The results of our survey suggest that in this area there are many factors that can, and do, help make things happen. Leadership is the feature that stands out (see Figure 4): 69% of respondents believe that leadership has had a positive impact on the implementation and delivery of outcomes from strategies.

However, it is interesting to note that leadership development does not have a high priority: only 31% of respondents reported that they had a training and development programme in place with leadership development as a major component.
Sendai: A disaster-proof city

The news of the magnitude 9.0 earthquake that hit the northeast of Japan on 11 March 2011 should be fresh in our memory. The largest city in the devastated area is Sendai City. With more than a million inhabitants, it is the centre of the area’s industry and culture. Although Sendai was struck both by the earthquake and the subsequent tsunami, many areas of the city were saved from serious destruction and city’s core function was sustained.

Restoration from the disaster started soon after the catastrophe. This rapid recovery and reconstruction was closely tied to Sendai City’s pre-disaster planning and preparedness. Now, Sendai is striving to get over the tragedy and aiming to establish a disaster-proof city model built on its vast disaster-prevention expertise. This could be a valuable reference for all other cities in the world.

While local leadership was an important factor in getting over the initial impact of disaster, developing the required execution and monitoring capabilities will be essential to achieving the desired reconstruction and disaster-prevention outcome.

Figure 4: Delivering outcomes

Q: To what extent do the following features of your organisation impact on the successful implementation/delivery of outcomes of your strategy?

<table>
<thead>
<tr>
<th>Feature</th>
<th>Very negative impact</th>
<th>Negative impact</th>
<th>Neutral</th>
<th>Positive impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of decision-making levels</td>
<td>4</td>
<td>22</td>
<td>47</td>
<td></td>
</tr>
<tr>
<td>Degree of complexity of the organisation structure</td>
<td>3</td>
<td>28</td>
<td>17</td>
<td>42</td>
</tr>
<tr>
<td>Alignment of the organisation with the strategy</td>
<td>14</td>
<td>22</td>
<td>44</td>
<td></td>
</tr>
<tr>
<td>Leadership</td>
<td>11</td>
<td>8</td>
<td>56</td>
<td></td>
</tr>
<tr>
<td>Access to high quality real-time management information</td>
<td>9</td>
<td>25</td>
<td>17</td>
<td>42</td>
</tr>
<tr>
<td>Effective coordination with other public and/or private sector providers</td>
<td>17</td>
<td>31</td>
<td>44</td>
<td></td>
</tr>
<tr>
<td>Culture and attitudes</td>
<td>8</td>
<td>31</td>
<td>34</td>
<td>39</td>
</tr>
<tr>
<td>Employee engagement</td>
<td>3</td>
<td>28</td>
<td>17</td>
<td>47</td>
</tr>
<tr>
<td>Alignment of staff performance measures with strategy</td>
<td>6</td>
<td>28</td>
<td>14</td>
<td>36</td>
</tr>
<tr>
<td>Quality of internal communication</td>
<td>28</td>
<td>33</td>
<td>28</td>
<td></td>
</tr>
<tr>
<td>Quality of external communication</td>
<td>14</td>
<td>28</td>
<td>47</td>
<td></td>
</tr>
</tbody>
</table>

Base: 36 responses

The factors that appear to be barriers are also clear: most respondents view the quality of internal communication as well as culture and attitudes as having a negative impact or neutral impact (61% and 53% respectively).

As we discuss in more detail later, size also may be playing a role here. Respondents in organisations with smaller staff compliments report less negative impact on strategy implementation arising from the number of decision-making levels and complexity in their organisations.
PwC insight

Behaviour is key to making a strategy happen. Leadership is the standout feature, but the delivery of positive outcomes from strategies can only happen if employees and external stakeholders are engaged and, as we will see later, if everyone knows their respective roles and responsibilities for implementing the strategy (documented in a comprehensive implementation plan).

It appears from our earlier research that this is easier in smaller, less complex organisations where there are fewer levels involved in decision making. This does not mean that only small is beautiful or that strategy is necessarily easier to execute. It does mean, however, that the larger the organisation, the more attention needs to be paid to effective line management, excellence in communication and true alignment across and within functions and with other organisations.

To achieve this, attention needs to be given to the appropriate level of delegated powers within the organisation. In addition, we believe that local government needs more simplified and standardised processes and ways of working across the organisation, using technology as an enabler. Culture and existing attitudes will need to change in response, but the alternative is fragmented and duplicated processes that add more to the cost of an organisation and reduce its potential to make things happen and deliver the outcomes its citizens deserve.

Figure 5: Financial planning

Q: How well is the organisation’s strategy underpinned by an effective and sustainable financial plan? (Respondents could only choose a single response)

<table>
<thead>
<tr>
<th>Response</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>The need for a financial plan is not recognised</td>
<td>0</td>
</tr>
<tr>
<td>The strategic plan is underpinned by a financial plan and the key risks of both have been properly assessed and mitigated</td>
<td>31</td>
</tr>
<tr>
<td>A financial plan linked to the strategy is being developed</td>
<td>17</td>
</tr>
<tr>
<td>There are links between the strategy and financial plan, but financing is at risk of not being secured</td>
<td>28</td>
</tr>
<tr>
<td>The strategic plan is underpinned by a financial plan, but some financing is at risk of not being secured</td>
<td>25</td>
</tr>
<tr>
<td>Don’t know/Not applicable</td>
<td>0</td>
</tr>
</tbody>
</table>

Base: 36 responses

While a third of survey respondents face some or significant overspending, just over a third (39%) of respondents reported having an established track record of ongoing strong financial management.

Finance at risk

An important point highlighted in ‘Seizing the day’ is the critical need for effective financial planning, both to survive financial crises, but more generally, to achieve a municipality’s future vision by providing the necessary financial underpinning.

The need for this is clearly recognised by respondents (see Figure 5). Nevertheless, barely a third (31%) have a strategic plan underpinned by a financial plan, with key risks properly assessed and mitigated. For the rest, some or all of their financing is at risk. The linkages are also not as strong as they should be between strategy and financial plans (although this may be partly an issue of different timing of cycles in different tiers of government).

While a third of survey respondents face some or significant overspending, just over a third (39%) of respondents reported having an established track record of ongoing strong financial management.

It is worrying that there is also a reported lack of capacity to manage new forms of finance, as shown in Figure 6, with only 3% of respondents having a ‘very strong capacity’ to do this.
Doha and the World Cup

The decision by FIFA to host the 2022 World Cup in Qatar has been met with controversy and debate. The Qatar National Development Strategy 2011-2016 recognises the importance and impact of the World Cup on Qatar’s economic, physical, social and environmental development. The government has used this international competition to improve its national and city brand and raise national pride amongst its youth.

Importantly, the government has also recognised the socio-economic advantages and direct linkage with soft power, international standing and Qatari economic diversification plans – most particularly in the areas of tourism and trade. The building of the new Doha airport, to coincide with over $65 billion in infrastructure spending through 2016, as well as a recent decision to allow 100% foreign ownership in services, illustrates the anticipated scale and magnitude of this event.

The concepts and designs of the stadiums for this mega-event highlight Qatar’s comprehensive approach to local city planning and growth. Stadium designs mesh with the overall ‘feel’ of the city in which they are based, and take into account the potential for solar energy usage.

PwC insight

In ‘Seizing the day’, we commented that ‘many local government leaders may be underestimating the size of the challenge they face and may not be considering the true extent of the range of strategic responses they will need to adapt to their new environment’ In particular, we found that seven in ten (72%) were confident or very confident that they will be able to achieve their socio-economic development targets in the next five years and that over half of local government leaders believed that they had the tools to control spending, are empowered to make decisions and have control and flexibility over the management of local resources.

The survey for this report reveals that financing continues to be seen as a major issue, but few appear to be in a position to explore, manage and use new forms of finance as there is a lack of in-house capability. This clearly puts more pressure on spending cuts as a necessary tool, and takes away options to look at other ways to manage the transition to a lower level of budget.

We believe that there is an urgent need for municipalities to put finance at the top of their agenda and improve the talent in their finance functions so that municipalities can gain real business insight, in addition to the traditional roles of compliance and control. In the light of the lack of apparent capability to manage new forms of finance, local governments need to attract and develop a new generation of finance managers capable of stepping up to this new challenge.

Figure 6: Capacity to manage new forms of finance

Q: Does your organisation’s finance department have the capacity to manage new forms of finance e.g. public-private partnerships? (Respondents could only choose a single response)

<table>
<thead>
<tr>
<th>Capacity</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not at all</td>
<td>8</td>
</tr>
<tr>
<td>Limited capacity</td>
<td>36</td>
</tr>
<tr>
<td>Some capacity</td>
<td>28</td>
</tr>
<tr>
<td>Good capacity</td>
<td>22</td>
</tr>
<tr>
<td>Very strong capacity</td>
<td>5</td>
</tr>
<tr>
<td>Don’t know/Not applicable</td>
<td>3</td>
</tr>
</tbody>
</table>

Base: 36 responses
The Partnership for New York City (www.pfnyc.org)

The Partnership is a nonprofit membership organisation with a mission to maintain the city’s preeminence as a global centre of commerce, finance and innovation. Partnership members are international business leaders who share a commitment to New York and are personally engaged in helping the city and state maintain a strong economy, a quality education system and first-class infrastructure.

The Partnership was founded in 1979, during a period of urban crisis, by David Rockefeller and other corporate leaders who understood the importance of great world cities as a platform for international business in a globalising economy. Over three decades, it has become the primary vehicle through which the New York business community contributes their expertise and other resources to help government tackle the biggest challenges facing the city and state.

Throughout the 1980s, the Partnership’s focus was on rebuilding the neighbourhoods of the five boroughs. Its housing programmes resulted in development of more than 20 000 affordable homes and apartments in the city’s most blighted neighbourhoods and were the catalyst for more than $10 billion in private investment in the city’s residential renewal. The Partnership has also focused on improving public education, through corporate involvement in the schools and leading the successful push for reform of the governance of the education system.

Partnership members were also the primary investors in creating the NYC Leadership Academy, the organisation that contracts with the city to identify and train principals for schools serving the most challenging student populations. The Partnership has mobilised business support for sustainability initiatives designed to reduce the city’s carbon footprint and to make New York the greenest city in America and helped organise a coalition of mayors and CEOs that is working toward comprehensive reform of the nation’s immigration laws.

The power of the brand

Brand is important to executing the strategy because where cities and towns are able to stand out from the crowd, they are better able to attract people, businesses and events that together help create a prosperous future. It was therefore noticeable in our survey that city and town brands are not well defined. A quarter (25%) of respondents believe their cities and towns have a well-defined brand ‘to a significant extent’. This is perhaps because there are more fundamental issues to be dealt with for many municipal managers at a time of fiscal austerity and service delivery challenges.

Strong implementation is, however, perceived to be helped by a strong brand and vice versa. No less than 81% of respondents agreed or strongly agreed that ‘the city or town’s brand assists executing the organisation’s strategy’ (Figure 7).
Intelligence: anecdotal or evidence-based?

A systematic approach to gathering intelligence (information about future social, economic and environmental challenges) helps municipalities both to frame and develop their strategic vision and also to respond to new trends and the impact of external events.

In this context, the fact that more than half (53%) of respondents say they have ‘good awareness’ of community issues, which are supported by formal consultation and engagement mechanisms, and a further 11% report having ‘excellent awareness’, (see Figure 8) is positive news.
Resident engagement in Harrow

Harrow Council in the UK recently won a Municipal Journal award for delivering ‘sustained and embedded change, using a modern approach to doing business but never losing sight of its priorities, namely its residents’.

The council’s groundbreaking resident engagement programme, ‘Let’s Talk – A New Conversation for Harrow’, featured strongly. Through this mechanism, combining road shows, open days, and online surveys and conversations, Harrow is involving residents in an open conversation about the future of council services, listening to their views and giving them real influence in the decisions being made.

The municipality used this to help deliver an ambitious transformation programme. Services are being redesigned to deliver savings while improving performance and protecting frontline services, as the Council makes savings of £62m over the next four years, with £45m of savings already delivered over the last three years.

Indeed, probing further we asked our respondents if there are formal systems in place to gather, analyse and use the intelligence that they need. The responses indicated that less than a quarter (22 %) had a well established system ‘fully enabling the organisation to prepare and respond to future challenges’. A third (33%) has an ad-hoc system, but this is constrained by limited availability and use of information.
PwC insight

The survey results reveal that while most municipalities would claim to have a reasonable knowledge and awareness of the issues and trends in their communities, in practice this may be more anecdotal than evidence based.

The risk of a lack of formal systems is that the landscape of social, economic and environmental challenges is not being sufficiently well monitored and the impacts of key changes evaluated and assessed for their implications on the city vision and the local government strategy.

We believe that horizon scanning mechanisms need to be in place to give municipalities the best chance of implementing strategies in time to lead and respond to anticipated events, rather than be driven by them. Otherwise, municipal leaders could be accused of steering by gut instinct, not the facts.

A lack of implementation planning

When time and money is limited, it is essential for municipalities to prioritise and plan effectively in order to deliver their strategies and associated outcomes.

It is therefore of concern that only 22% of respondents have an ‘inclusive mechanism for defining priorities with a clear order of action and specified targets agreed by relevant external stakeholders, customers and partnership organisations.

Of even greater concern is that only one in three (31%) of respondents have a comprehensive implementation plan, with accountabilities, responsibilities, frequent monitoring and updating and risk mitigation (Figure 9).

Figure 9: Implementation plans

Q: Is there an implementation plan with clear deliverables, and appropriate resources, methodologies and tools supporting the execution of the organisation’s strategy? (Respondents could only choose a single response)

<table>
<thead>
<tr>
<th>Option</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>No plan</td>
<td>3</td>
</tr>
<tr>
<td>No plan, but one is being formulated</td>
<td>1</td>
</tr>
<tr>
<td>Plan in place but deliverables, accountability and responsibility for delivery not well defined</td>
<td>26</td>
</tr>
<tr>
<td>Implementation plan in place supported by clear accountabilities and responsibilities for delivery</td>
<td>36</td>
</tr>
<tr>
<td>Comprehensive plan in place, with accountabilities, responsibilities, frequent monitoring/ updating and risk mitigation in place</td>
<td>31</td>
</tr>
<tr>
<td>Don’t know/Not applicable</td>
<td>3</td>
</tr>
</tbody>
</table>

Base: 36 responses
**PwC insight**

While priority setting is challenging given the necessary trade-offs, no municipality has an unlimited budget. And even if it did, execution is doomed to failure without an implementation plan in place with clear deliverables and appropriate resources, methodologies and tools supporting the execution of the municipality’s strategy.

In our view, prioritisation and planning, supported by good programme and project management to drive execution and comprehensive performance and risk measurement to keep plans on track, are critical to effectively implementing strategies.

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**Utrecht Development Board**

As an independent advisory board, the Utrecht Development Board (UDB) supports the City of Utrecht in realising its potential. To achieve this, cooperation between local leaders, citizens and businesses is crucial for its success.

The UDB has succeeded over the last year in working together with the municipality (setting up a strategy) and executing the strategy by connecting various stakeholders of the City of Utrecht. In particular, the UDB has created partnerships between various stakeholders within, and also outside, the city of Utrecht including:

- ‘Stadslabs’ – working together (education, business communities, government organisations) on different challenges e.g. local labour market, broadband, civil society and new ways of working;

- An annual encouragement award for the local economy, initiated by the UDB and the municipality;

- A permanent lobby to encourage the participation of industries within the city’s strategic agenda; and

- Creating a new connection between the trade area and the municipality.

Because of its active role, the UDB has also brought significant contributions to the visibility and more powerful positioning of the city of Utrecht.

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**Partnering: the need for goal consensus**

Our previous research in ‘Seizing the day’ indicated that, notwithstanding the financial crisis, frequent use was being made of public-private partnerships, public-voluntary partnerships as well as outsourcing and shared services to deliver the outcomes desired by municipalities. But to what extent is partnering effective in helping or hindering the execution of local government strategies?

According to respondents, goal consensus stands out as the most important critical success factor for municipalities working with external partners, with more than two-thirds (69%) highlighting this factor (Figure 10).

It is also worth noting that respondents’ two main motivations for partnering (both 69%) are to gain external experience and expertise, and developing a greater capacity to deliver.

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**Figure 10: Critical success factors for partnering**

Q: What are the three most important critical success factors for working with external partners to deliver the strategy? (Respondents were allowed to choose multiple responses)

<table>
<thead>
<tr>
<th>Factor</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goal consensus</td>
<td>69</td>
</tr>
<tr>
<td>Clear contracts</td>
<td>47</td>
</tr>
<tr>
<td>Trust</td>
<td>58</td>
</tr>
<tr>
<td>Effective management systems</td>
<td>39</td>
</tr>
<tr>
<td>Interdependencies effectively managed</td>
<td>11</td>
</tr>
<tr>
<td>Need for network competencies recognised</td>
<td>33</td>
</tr>
<tr>
<td>Limited number of participants to enable effective relationship development</td>
<td>3</td>
</tr>
<tr>
<td>Other (please specify)</td>
<td>0</td>
</tr>
<tr>
<td>Don’t know/Not applicable</td>
<td>0</td>
</tr>
</tbody>
</table>

Base: 36 responses
Dublin Innovation Festival

Now in its third year, Innovation Dublin is an annual festival that celebrates and encourages the innovative, entrepreneurial spirit of the city of Dublin.

The month-long festival was established to raise public awareness of the innovation and creativity that is happening on a daily basis in the city. The festival is organised by the Creative Dublin Alliance, a collaboration between Dublin local authorities, universities, state agencies, businesses and the not-for-profit sector and coordinated by Dublin City Council.

As part of the Government’s objective for Ireland to become an ‘Innovation Island’ the festival provides opportunities to promote enterprise, to learn and find out how things work, to network and collaborate and to connect ideas with opportunities. People can participate in events ranging from business seminars and science demonstrations to storytelling, workshops, music and virtual games.

Events that took place during last year’s festival included the inaugural International Life Sciences Summit and Globe Forum 2010.

PwC insight

Collaboration across agencies, private and voluntary sectors, and also spatially across geographies is critical to the success of municipalities, particularly in an environment of fiscal austerity where more needs to be done for less.

While goal consensus is clearly needed to deliver effective outcomes, our view is that this is not enough. External partners need to support this consensus with formal systems that support and reinforce, although not replace, trust.

In addition, the trend for public services to be opened up to a diversity of suppliers means that municipalities also need to develop a stronger capability to manage across increasingly complicated and extended delivery chains spanning public, private and voluntary sector providers. This ‘intelligent’ networking function will be increasingly essential to ensure that all parties are clear on their relative roles and responsibilities when making things happen.

More innovation needed in finance?

From our research in ‘Seizing the day, we learned that local government leaders see innovation as very important to their city or town’s future growth and development’. Innovation is also important to the implementation of strategy.

Respondents indicated that innovation is being encouraged particularly through identifying new ways of delivering existing services – almost 80% of respondents see this to a significant extent. In contrast, new ways of financing are only being encouraged by just over 19% of respondents (Figure 11).

We also looked at the drivers of innovation in strategy implementation (Figure 12). Across a range of elements, the factors most helpful to strategy implementation were supportive leadership – 83% of respondents judged this to have a positive or strongly positive impact – external stakeholder consultation and engagement (72%), and exposure to new technologies (66%).

Regulation, however, appears to be an inhibitor, with a negative or neutral impact reported by 59% of respondents.
### Figure 11: Drivers of innovation in strategy implementation

Q: To what extent is innovation being encouraged as an integral part of the implementation of the strategy through…

<table>
<thead>
<tr>
<th></th>
<th>To a significant extent</th>
<th>To quite an extent</th>
<th>To some extent</th>
<th>To a limited extent</th>
<th>Not at all</th>
</tr>
</thead>
<tbody>
<tr>
<td>Identifying new ways of delivering existing services</td>
<td>31%</td>
<td>42%</td>
<td>22%</td>
<td>14%</td>
<td>2%</td>
</tr>
<tr>
<td>Introducing new services</td>
<td>17%</td>
<td>22%</td>
<td>31%</td>
<td>19%</td>
<td>11%</td>
</tr>
<tr>
<td>Commissioning other organisations e.g. Public, private and/or voluntary sector, to provide existing services</td>
<td>14%</td>
<td>28%</td>
<td>31%</td>
<td>17%</td>
<td>8%</td>
</tr>
<tr>
<td>New ways of financing</td>
<td>17%</td>
<td>25%</td>
<td>36%</td>
<td>8%</td>
<td>11%</td>
</tr>
<tr>
<td>Other (please specify)</td>
<td>2%</td>
<td>3%</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Base: 36 responses
Good intentions are being expressed, but municipalities are falling short on execution. Local government leaders know that financing is important, as are new ways of delivering services, but they find it challenging to achieve either. This is made all the more difficult by the financial challenges facing many in local government. While there may well be limits in different countries on the extent of private sector finance that can be leveraged as well as limits on budget flexibility and virement, we believe finance functions can do more. In our view, the source of the problem can be traced back to the lack of finance capacity and capability in many municipalities. Without a finance function with sufficient capability and business insight expertise, it is difficult for municipalities to source the new forms of finance needed to invest in new services and ways of doing things. However, this should not be seen as a reason for failure, but rather as a wake-up call to the need to up skill and effectively resource local government finance functions.

**Performance and risk: A strategic gap**

The ability to implement strategy is dependent on having adequate systems to measure, manage and monitor performance in place – as the old saying goes, what gets measured gets done!

As such, it is again of concern that only one in five (19%) respondents reported having a comprehensive performance management framework in place that is fully aligned to the municipality’s strategic objectives and supported by transparent reporting of performance (see Figure 13). Similarly, only a quarter of respondents (25%) have a comprehensive risk management framework in place and implemented throughout the municipality.
While municipalities may have a clear vision and supporting plans, if they lack adequate supporting systems to measure progress or manage risk, then it is difficult to see how they can successfully implement their strategies and deliver outcomes.

Indeed, the importance of such systems becomes even more pronounced with the increasing complexity of public service supply chains, with a variety of partners working to deliver common outcomes, and developments such as payment by results, which is clearly the desired direction of development (discussed later). However, such approaches to value for money can only succeed if there is a system sophisticated enough to enable measurement of the desired results and outcomes, particularly where external partners play a key role in their delivery.

**PwC insight**

We argued that there is a new operating model emerging (depicted in Figure 14) in which the decision is taken to buy rather than provide in-house, and so the role of local government as a strategic commissioner becomes of paramount concern.

**Service delivery: The challenge of assessing outcomes**

In 'Seizing the day' we found that local government leaders face major challenges not just financially, but also in terms of building the brands of their municipalities, engaging and providing leadership for their communities and working collaboratively with an ever-growing network of partners, across sectors and geographies, both nationally and internationally.

**Figure 13: Measurement systems**

Q: How mature is the measurement system to support strategy delivery (including systems, processes and information e.g. dashboards)? (Respondents could only choose a single response)

<table>
<thead>
<tr>
<th>Response</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>No performance management framework in place</td>
<td>3</td>
</tr>
<tr>
<td>Recognition of the need to develop a performance management framework, but limited progress to date</td>
<td>25</td>
</tr>
<tr>
<td>Performance management is clearly on the organisation’s agenda and action is being taken</td>
<td>36</td>
</tr>
<tr>
<td>A comprehensive performance management framework has been developed and is being implemented</td>
<td>17</td>
</tr>
<tr>
<td>An established comprehensive performance management framework is in place, fully aligned to strategic objectives and supported by transparent reporting of performance to the public</td>
<td>19</td>
</tr>
<tr>
<td>Don’t know/Not applicable</td>
<td>0</td>
</tr>
</tbody>
</table>
In our research for this report, we looked more closely at the service delivery cycle to understand the key challenges being faced by local governments in the shift to this new model (Figure 15). According to 53% of respondents, the greatest challenges are posed by sourcing and outcome assessments.
We were particularly interested to identify who gets involved in the design of service delivery (Figure 16). While city officials are, unsurprisingly, critical for the vast majority of respondents (94%), around half of respondents also engage residents (44%) and to a lesser extent, businesses (36%).

Turning to delivery, respondents appear to need to partner collaboratively with private (89%), public (86%) and voluntary (64%) sector providers to deliver their strategies effectively (Figure 17). Almost two thirds (64%) strongly agree that outsourcing is needed. This may echo our earlier finding that there is a lack of capacity to manage new forms of finance, which may be limiting an informed view of the most appropriate forms of finance.
The global financial crisis has catalysed a renewed interest in public sector shared services opportunities. The combined effects of fiscal restraint and reduced revenues are impacting on municipalities’ abilities to maintain and invest in services and infrastructure.

Local government in New Zealand is generally regarded as collaborative and has traditionally shared a variety of activities ranging from policy and information through to hard infrastructure such as water treatment plants and landfills. A 2009 Government report highlighted the top four areas that respondent municipalities were targeting for more collaboration. These included geospatial information, procurement, field services and water management.

The study identified the top two barriers to successfully implementing shared services:

- Municipal leadership not supporting or promoting collaboration; and
- Municipalities operating in an insular way and taking a parochial approach.

Experience to date has also found that more successful initiatives are driven regionally, where local municipalities are more readily accessible to each other and are more likely to have common goals.

The success of these regional ‘clusters’ has been found to contain five key elements:

- Broad-based management support;
- Dedicated project management;
- Wider organisation commitment;
- Fully functional and committed project teams; and
- Robust business cases.

These experiences reinforce the view that shared services will continue to grow across the local government sector in New Zealand, not only in size and scale, but also with increased sophistication.
The skills and capability to procure are not the same as those to commission. The latter requires the ability not only to set up and monitor contracts but to:

- Undertake a robust assessment of needs;
- Shape and develop the market of providers to supply the services, particularly if this is under-developed in a locality; and
- Manage relationships with suppliers to ensure quality is delivered and value for money achieved.

In addition, increasingly sophisticated systems are needed to assess outcomes and measure and manage performance. In this respect, the importance attributed to payment by results in our survey is in tension with the reported result that outcome assessment is one of the greatest challenges for our respondents.

Payment by results and outcomes is, in our view, the way things are going in situations where services are delivered by outside providers. But municipalities will only really know if they have delivered value for money if they have the systems in place to measure outcomes and measure progress towards key milestones. This will be one of the major challenges facing service delivery in municipalities in the next few years, especially as budgets continue to be tight.
Key success factors

While all of the management capabilities depicted in Figure 18 are important, it is likely that some will be more important at any one time than others and that municipalities will have different patterns of strengths and areas for development. In this final section, we look at the views of respondents with respect to their key success factors.

How successful is strategy implementation?

One in five (22%) of respondents strongly agree and just over half of respondents agree (58%) that they have been successful in implementing their strategies (Figure 19).

Figure 18: Capabilities to execute strategy

Q: Which of the following have helped or hindered innovation in the implementation of the strategy?

Base: 36 responses
Figure 19: Strategy implementation

Q: Overall, would you say that your organisation has been successful in implementing its strategy? (Respondents could only choose a single response)

<table>
<thead>
<tr>
<th>Response</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly disagree</td>
<td>0</td>
</tr>
<tr>
<td>Disagree</td>
<td>14</td>
</tr>
<tr>
<td>Neither agree nor disagree</td>
<td>0</td>
</tr>
<tr>
<td>Agree</td>
<td>38</td>
</tr>
<tr>
<td>Strongly agree</td>
<td>22</td>
</tr>
<tr>
<td>Don’t know/Not applicable</td>
<td>0</td>
</tr>
</tbody>
</table>

Base: 36 responses

Figure 20: Enablers and barriers

Q: What would you say are the three most important factors enabling the successful implementation of your strategy? (Respondents were allowed to choose multiple responses)

<table>
<thead>
<tr>
<th>Factor</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leadership</td>
<td>69</td>
</tr>
<tr>
<td>Organisation</td>
<td>28</td>
</tr>
<tr>
<td>City brand</td>
<td>1</td>
</tr>
<tr>
<td>City intelligence</td>
<td>1</td>
</tr>
<tr>
<td>Finance</td>
<td>47</td>
</tr>
<tr>
<td>Prioritisation</td>
<td>17</td>
</tr>
<tr>
<td>Programme &amp; project management</td>
<td>19</td>
</tr>
<tr>
<td>Performance &amp; risk capability</td>
<td>22</td>
</tr>
<tr>
<td>Innovation</td>
<td>0</td>
</tr>
<tr>
<td>Partnerships</td>
<td>25</td>
</tr>
<tr>
<td>Other (please specify)</td>
<td>1</td>
</tr>
<tr>
<td>Don’t know / Not applicable</td>
<td>0</td>
</tr>
</tbody>
</table>

Base: 36 responses
**Key enablers**

Leadership is far and away the most important factor enabling strategy implementation with more than two-thirds (69%) of respondents emphasising this factor (Figure 20).

**Major barriers**

There are some strong barriers to the successful implementation of strategy. The most important of these identified by respondents is finance – more than half (56%) view this as the most important obstacle. This comes as no surprise as our research for ‘Seizing the day’ found that most local government leaders surveyed believed that the global financial crisis had a significant or very significant impact on their organisations.

Over two in five of our respondents (42%) see innovation as the second-most significant obstacle.

**Does size matter?**

Our research suggests that relatively smaller organisations are more cohesive. They seem more likely to involve all levels more in a highly collaborative process and have less negative impact on strategy implementation arising from the number of decision-making levels and complexity in their organisations.

The comparatively smaller organisations also report that they:

- Feel more successful in strategy implementation;
- Are more positively impacted on the successful implementation and delivery of outcomes of their strategy by leadership and effective coordination with external providers – other factors such as internal communication and alignment of the organisation with the strategy are also key aspects;
- Have stronger financial management, with less overspends;
- Have invested in staff training and development as a major component to support strategy implementation; and
- Rely more on effective management systems to deliver strategy when working with partners (But smaller organisations also appear to have a higher number of respondents with no framework to manage the risks associated with strategy implementation and see finance as by far the biggest obstacle to implementing their strategies.

In addition, more of the respondents from relatively smaller municipalities believe that performance monitoring is the biggest challenge in the service delivery cycle, whereas larger local government respondents believe it to be outcome assessment.

**Figure 21: Obstacles to successful implementation**

Q: What would you say are the three most important obstacles to the successful implementation of your strategy?

<table>
<thead>
<tr>
<th>Obstacle</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leadership</td>
<td>33</td>
</tr>
<tr>
<td>Organisation</td>
<td>19</td>
</tr>
<tr>
<td>City Brand</td>
<td>14</td>
</tr>
<tr>
<td>City Intelligence</td>
<td>17</td>
</tr>
<tr>
<td>Finance</td>
<td>36</td>
</tr>
<tr>
<td>Prioritisation</td>
<td>25</td>
</tr>
<tr>
<td>Programme &amp; Project Management</td>
<td>31</td>
</tr>
<tr>
<td>Performance &amp; Risk capability</td>
<td>31</td>
</tr>
<tr>
<td>Innovation</td>
<td>42</td>
</tr>
<tr>
<td>Partnerships</td>
<td>22</td>
</tr>
<tr>
<td>Other (please specify)</td>
<td>11</td>
</tr>
<tr>
<td>Don’t know/Not applicable</td>
<td>0</td>
</tr>
</tbody>
</table>

Base: 36 responses
Conclusions and implications

Sound leadership sets the tone for a municipality, creates the framework within which others things can flourish and enables effective setting of priorities. As such, we agree that leadership is crucial to strategy implementation and making things happen, but leadership on its own is not enough.

Particularly at a time when most budgets are under pressure, financing also needs to be in place. This in turn requires the capacity in-house to manage and develop new forms of finance to enable the continuing delivery of services and outcomes to citizens. In addition, with the trend towards more partnering and payment by results and outcomes, the need for effective systems to measure, monitor and evaluate performance becomes essential.

There is clearly also a need for a comprehensive implementation plan with responsibilities, risk mitigation and measurement in place. Without this, supported by project and programme management expertise, the risk of failure is increased significantly.

Without these other enablers in place to a sufficient degree, leadership will struggle to deliver on its promises.

Agenda for action

Based on the results of our research, municipalities face a challenging agenda to improve their ability to implement their strategies and deliver positive outcomes, including:

- Investing in their capabilities around financing, given that this is the biggest single perceived barrier to the implementation of strategies and delivery of outcomes;
- Redesigning their organisations to enable more effective collaboration with their primary stakeholders – for example, setting joint outcome targets, building new partnering competencies and embedding performance measurement, monitoring and management;
- Assessing the impact of their size and scale and seeking out opportunities to standardise, simplify and streamline their operations;
- Developing clear, well-documented implementation plans that clarifies the roles, responsibilities and timetables for actions; and
- Prioritising and managing programmes and projects more effectively by putting systems in place to measure outcomes (social as well as financial) and value for money.

Now is a time for local government leadership teams to take stock and to ensure that these enablers are in place to help, rather than hinder, the implementation of their strategies.
Road to the future: Ten questions for a ‘100-day plan’

• To what extent are the outcomes desired by residents and businesses being delivered?
• Are the current levels of service performance adequate?
• What projects and programmes are under way?
• How well are they progressing?
• Can/should any be stopped/changed/renegotiated?
• What is the quality of the municipality’s key assets – people and key infrastructure?

• Are the supporting systems producing the management and financial information needed to assess needs and outcomes and measure and track performance?
• Are all key policies and procedures in place and working well?
• What quick wins can be delivered?
• Are the foundations in place to transform delivery?
## The survey process

The research was undertaken by PricewaterhouseCoopers LLP. It covered local, district and metropolitan municipalities across all of South Africa’s nine provinces.

An electronic survey was sent to leaders in cities and local governments between March and July 2011.

The findings in this report are based on 36 completed surveys.

<table>
<thead>
<tr>
<th>Metropolitan Municipality</th>
<th>Local Municipality</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ekurhuleni</td>
<td>Randfontein</td>
</tr>
<tr>
<td>Dihlabeng</td>
<td>Bojanala Platinum</td>
</tr>
<tr>
<td>Mangaung</td>
<td>Stellenbosch</td>
</tr>
<tr>
<td>City of Cape Town</td>
<td>Khara Hais</td>
</tr>
<tr>
<td>uMhlathuze</td>
<td>Emfuleni</td>
</tr>
<tr>
<td>Buffalo City Metropolitan</td>
<td>KwaDukuza</td>
</tr>
<tr>
<td>George</td>
<td>Nkomazi Local</td>
</tr>
<tr>
<td>Lesedi</td>
<td>Nkangala District</td>
</tr>
<tr>
<td>Overstrand</td>
<td>Ugu District</td>
</tr>
<tr>
<td>City of Johannesburg</td>
<td>Lejweleputswa District</td>
</tr>
<tr>
<td>Sol Plaatje</td>
<td>Sedibeng District</td>
</tr>
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<td>Knysna</td>
<td>Ehlanzeni District</td>
</tr>
<tr>
<td>Greater Kokstad</td>
<td></td>
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<tr>
<td>Moqhaka</td>
<td></td>
</tr>
<tr>
<td>KwaDukuza</td>
<td></td>
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<td>Nkomazi</td>
<td></td>
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<td></td>
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<td>Mbombela</td>
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<tr>
<td>Polokwane</td>
<td></td>
</tr>
<tr>
<td>Nelson Mandela Bay</td>
<td></td>
</tr>
<tr>
<td>Tlokwe</td>
<td></td>
</tr>
<tr>
<td>City of Tshwane</td>
<td></td>
</tr>
</tbody>
</table>
Sample characteristics

The figures in this section set out the characteristics of the municipalities surveyed by size (measured by both value and employees) as well as the range of services provided.

**Figure 22: Population of municipal area**

<table>
<thead>
<tr>
<th>Size</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under 0.5 million</td>
<td>51</td>
</tr>
<tr>
<td>0.5 million – 1 million</td>
<td>29</td>
</tr>
<tr>
<td>1 million – 2 million</td>
<td>9</td>
</tr>
<tr>
<td>2 million – 5 million</td>
<td>11</td>
</tr>
<tr>
<td>Above 5 million</td>
<td>0</td>
</tr>
</tbody>
</table>

Base: 36 responses

**Figure 23: Size by employees**

<table>
<thead>
<tr>
<th>Size</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under 0.5 million</td>
<td>51</td>
</tr>
<tr>
<td>0.5 million – 1 million</td>
<td>29</td>
</tr>
<tr>
<td>1 million – 2 million</td>
<td>9</td>
</tr>
<tr>
<td>2 million – 5 million</td>
<td>11</td>
</tr>
<tr>
<td>Above 5 million</td>
<td>0</td>
</tr>
</tbody>
</table>

Base: 36 responses

**Figure 24: Size by budget (Annual budget for 2011 or 2011/12)**

<table>
<thead>
<tr>
<th>Budget</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than R4 billion</td>
<td>77</td>
</tr>
<tr>
<td>R4 billion – R12 billion</td>
<td>11</td>
</tr>
<tr>
<td>R12 billion – R24 billion</td>
<td>3</td>
</tr>
<tr>
<td>Above R24 billion</td>
<td>9</td>
</tr>
</tbody>
</table>

Base: 36 responses
Figure 25: Services provided by the municipality

- Transportation & infrastructure: 78%
- Water/Electricity: 80%
- Housing: 84%
- Managing public space: 75%
- Health/Emergency services: 83%
- Social care: 89%
- Security/Safety: 89%
- Sanitation/Waste management: 89%
- Environmental planning & monitoring: 86%
- Community & recreational facilities/services: 86%
- Economic development/Investment promotion: 86%
- Tourism/Cultural promotion: 89%
- e-government services: 22%
- Others (please specify): 17%

Base: 36 responses
Acknowledgements

A number of individuals in the PwC network contributed to the production of this report.

Core editorial team

Hazem Galal
Global Cities and Local Government Network Leader

Andrew Ford
Partner, UK

Peter Teunisse
Director, Netherlands

Jan Gey van Pittius
Partner, South Africa

Johan Leibbrandt
Associate Director, South Africa

Nick C Jones
Director, PwC’s Public Sector Research Centre

Research

Egon de Haas
Global Government and Public Services & Netherlands

Thomas Lenné/Maria Heinrich
Global Government and Public Services & Germany

Hayley Rimmer/Marsha Guthrie
Market Insights Team, UK
PwC partners with local government to create sustainable metropolitan, district and local municipalities. Our engagement style is based on a strategic partnership in which we work with local government and its stakeholders to co-design, co-implement and sustain new ways of working to ensure that local government entities deliver on their core mandates.

We assist local government in the following areas:

- Developing leaders to truly lead, deliver and manage within the local government context;
- Building capacity and managing talent to attract, develop (train) and retain the right people;
- Designing organisational structures that are aligned to delivering on IDP objectives;
- Assessing to determine limitations and internal shortcomings that prevent optimal service delivery and designing transformation programmes to improve service delivery;
- Developing organisational performance management processes, dash boards, systems and methods that link into the scorecards of all levels of management and the appropriate levels of staff;
- Enhancing revenue through improving core revenue processes, systems, data quality, skills and the organisational structures for the revenue function;
- Advising on cash management methods, systems and processes; and funding of local government;
- Advising on sustainable cost management;
- Implementation of reliable costing systems as recommended by National Treasury that allow for accurate and transparent service costing and tariff determination that also addresses the requirements of regulators;
- Improving coordination across municipal departments to break down the silo effect and improve service delivery;
- Implementing business process management methods and systems to ensure seamless service delivery across the municipal organisation;
- Advising on economic development, Growth and Development Strategies, Integrated Development Plans and Service Delivery Budget Implementation Plans (SDBIP) – most importantly, the practical implementation and execution of these;
- Advising and assisting on project and contract management;
- Developing reliable asset and infrastructure management, condition assessment and optimisation processes, systems and methods;
- Assisting in accelerating infrastructure creation, refurbishment and maintenance;
- Assisting in managing risk and implementing governance frameworks;
- Providing advice on effective internal audit;
- Advising on all applicable tax matters, including the optimisation of VAT administration; and
- Resolving audit queries by analysing the root causes and providing advice and assistance in eradicating these, as part of the Clean Audit 2014 drive and the CoGTA transformation programme.

About PwC

PwC in partnership with local government

Real, sustainable transformation is possible by developing the internal capacity and capability of local government through partnering in action!
Public Sector Leader
Stanley Subramoney
+27 (11) 797 4380
stanley.subramoney@za.pwc.com

Local Government Leader
Kalane Rampai
+27 (11) 797 5891
kalane.rampai@za.pwc.com

Local Government Specialist Advisor
Johan Leibbrandt
+27 (11) 797 4297
johan.leibbrandt@za.pwc.com

Gauteng
Jan Gey van Pittius
+ 27 (1 1) 797 5331
jan.gey.van.pittius@za.pwc.com

Western Cape
Johan van Baalen
+ 27 (21) 529 2679
johan.van-baalen@za.pwc.com

Northern Cape
Mveleli Mancotywa
+27 (51) 503 4156
mveleli.mancotywa@za.pwc.com

Free State
Mveleli Mancotywa
+ 27 (51) 503 4156
mveleli.mancotywa@za.pwc.com

Limpopo
Mpho Malaka
+ 27 (13) 754 3423
mpho.malaka@za.pwc.com

Mpumalanga
Mpho Malaka
+ 27 (13) 754 3423
mpho.malaka@za.pwc.com

Eastern Cape
Nishan Pershad
+ 27 (43) 707 9644
nishan.pershad@za.pwc.com

KwaZulu-Natal
Kishore Kooverjee
+27 (31) 271 2011
kishore.kooverjee@za.pwc.com

North West
Khalid Omar
+ 27 (18) 386 4700
khalid.omar@za.pwc.com

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