Generation 2050
Better long-term decision making
A resource for local government
Produced by Netherwood Sustainable Futures and PwC
July 2014
Foreword

Peter Davies OBE – Sustainable Futures Commissioner (Wales)

Local government has a pivotal role in ensuring that we meet the needs of the present, without compromising the wellbeing of future generations. The responsibility for meeting the needs of present and future citizens has never been more complex and critical given the increasing demand on services and the raising of citizen expectations. Reducing budgets and extreme pressure on finite resources places an imperative on those in leadership to make the right decisions today to ensure the wellbeing of future generations.

The Welsh Government has established an important political and legislative imperative within the Future Generations Bill. The Bill sets a framework for change, with a focus on long-term goals underpinned by core principles and measures of progress. However, delivery will require Welsh local government, in conjunction with other public sector bodies, to demonstrate strong, decisive, political and executive leadership which enables decision making to move beyond political cycles to ensure we address the intergenerational challenges.

The challenges are not easy but our generation has a responsibility to ensure our decisions leave a legacy that represents the Wales We Want for our children and grandchildren.
Does local government sufficiently build the long-term future into its decision making? What is the future of local government?

This document will explore the context behind these two important questions and also provide Welsh local authorities and partners with a practical resource to support and focus their work on planning for future generations and defining a long-term strategy towards mid-century.

As leaders within local government you will be acutely aware of the challenges for the Welsh public sector. Increasing citizen expectations, increasing demand on services, an unpredictable climate, energy security and resilience, water scarcity, food scarcity and security, infrastructural resilience, demographic change, personal financial security and shrinking budgets have created a perfect storm. If local government is to continue to meet the needs of its most vulnerable citizens and ensure it leaves a legacy of growth and prosperity, it must ride the storm and exit as a sector fit to meet the needs of both current and future citizens.

This perfect storm also comes at a time of significant legislative change and public sector reform within Wales. The Welsh Government’s Future Generations Bill will be enacted in 2015 and will place a legal duty on the Welsh public sector to have Sustainable Development as their “central organising principle”. One of the key aspects to this legislation will be the requirement for local government to demonstrate how they are planning for the long-term in a preventative and collaborative way.

Organisational change within the public sector is high on the Welsh Government’s agenda at present with possible imminent changes in local government arrangements in Wales as a result of the Williams Review 2014. The legislative changes will place the long-term at the centre of public services, via Local Service Boards and Single Integrated Plans. There are many that will see this change as an opportunity to build a future, long-term perspective into new governance arrangements. If this new landscape is to be fit for the future, the needs of future generations and long-term outcomes need to be central to public service delivery.

A reflection on prior decisions within the public sector highlights many which have now been proven to be flawed or not to have achieved their intended objective. Given the current conditions for the perfect storm and the uncertainties of how the future will impact public services, there is an even greater need for local government to be taking the right decisions now to ensure optimal longer-term outcomes.

We recognise that this approach, whilst a fundamental part of the solution, is challenging. In particular:

- How to clearly demonstrate the “current” value of long-term preventative planning to key decision makers, including politicians, senior managers and partner organisations
- To ensure that there is both sufficient capability and capacity within your organisation to consider the long-term in both strategic and every day business decisions.

In the six sections of this document, we have provided both the context and examples of possible solutions to help you answer these challenges and to generate discussion in your organisation about how to change focus towards future generations and long-term outcomes.

The following provides a brief summary of each section and further details about what is contained within each. There are five practical exercises throughout the document which will help consolidate the learning and provide an opportunity for you to reflect either personally or with your senior management team on key questions.

We hope this document will be informative, challenging and helpful to you and your organisation, enabling you to more clearly understand the imperative and value that longer-term planning/decision making can bring.
What’s in the report?

Overview

**Long-term challenges need long-term strategies**

In coming decades Welsh local government will be working on many levels to maintain economic productivity, social well-being and a functioning environment. This section outlines the key economic, social and environmental challenges for Welsh communities up to 2050 given current and future trends. Drawing on a wide range of analysis from government, academia and practitioners, this section invites you to consider what the long-term aims are for each policy challenge, the fitness for purpose of current approaches and what interim measures are required between now and mid-century. Some of these challenges will be familiar, others less so, but all are framed in the long-term.

**Future generations matter now**

Addressing the needs of future generations at the same time as dealing with the pressing needs of current generations is an agenda which can be difficult to promote. This section explores why this is the case, drawing on the work of the Oxford Martin Commission for Future Generations and Department of Government at Harvard University. Four alternative ‘model’ authorities are described, which can be used to explore your own organisation’s approach to the long-term. Which one best describes your authority? Practical suggestions are offered for ways of addressing the needs of future generations now in the way that your authority operates, including making the long-term ‘ward’ based – making the future ‘proximate’ at a local level.

**Long-term planning is achievable and meaningful**

Municipalities, governments, agencies and companies across the world are using long-term strategy to focus on the needs of future generations. What issues are they focusing on, what techniques are they using, and what do these examples tell us about the value of thinking long-term? This section focuses on relevant work in New York, Johannesburg, Helsinki, Queensland, Hawaii and Tokyo, regional planning in America and examples closer to home in the Thames Estuary and National Grid. What lessons can we learn from these case studies to help local government in Wales?

The detail

- Economic growth and employment
- Ageing population
- Life expectancy
- Climate adaptation
- Energy security and fuel poverty
- Population growth
- Housing need
- Ecosystem services
- Health and Social Care
- Poverty and deprivation
- Literacy, numeracy and skills
- Resilient transport systems
- Food security
- Water security
- Safe communities
- Culture and Heritage

**Exercise 1 – Long-term strategic aims**

- Institutional myopia
- What sort of lens does your organisation use?
  - Rhetorical and collaborative
  - Myopic and retrenched
  - Aware and retrenched
  - Resilient and collaborative
- Tackling presentism in governance
- Organisational change for the long-term
- Swansea 2040 Ward Scenarios

**Exercise 2 – Long- and short-term lenses**

- New York 2030
- Johannesburg 2040
- Helsinki 2050
- National Grid 2030-2050
- Queensland 2040
- America 2050
- Hawaii 2050
- Tokyo 2050
- Thames Estuary 2100
A Local Government - Fit for the future!

In our view, the local government of the future will need to act and behave like a living organism, adapting to change and evolving to address society’s needs as they develop. The starting point is the organisation’s vision and mission. Clarity over the vision and mission enables the organisation to answer the first key question: where do we need to go? Local government will need to chart its course by viewing itself through different ‘lenses’ which guide its behaviour and will be:

- Citizen-centricity
- Internal-external balance
- Sustainable outcomes

The Challenge

Future Lenses to guide behaviours
- Citizen-centricity
- Internal-external balance
- Sustainable outcomes
- Characteristics of a future local government
  - Agile
  - Innovative
  - Connected
  - Transparent
  - Capable

Exercise 3 – Effective leadership

A blue print for action

Making change happen will require agile, inspirational leadership and a talent strategy which majors on attracting, developing and retaining people with the necessary attitudes and behaviours. It will require both politicians and officials holding their nerve as they make the transition from old-style static, bureaucratic organisations to dynamic, adaptive entities capable of responding calmly but effectively to disruptive events and rising to new challenges. These challenges are outlined in our blueprint where we identify five key areas for action.

Exercise 4 – Core skills for the long-term

How ready are you for Generation 2050? – Self-assessment

We have included a self-assessment which asks you to evaluate where you are now and what you need to do to improve against the key areas of focus that we think are critical for an organisation to be ready for Generation 2050. This section draws together the key aspects of the report. It highlights the issues that should be used to scrutinise how effectively your organisation is focusing on future generations. These can be used as a personal and ‘peer group’ challenge to local government leaders across Wales.

Exercise 5 – Generation 2050 Self-assessment

How well do you think your own authority and partners might fare if the authority were held accountable for future generations in 2020?
Using a longer-term timeframe to 2040 or 2050 can provide an opportunity to explore the inter-relationships between areas of policy beyond current (short-term) government guidelines and policy frameworks. This invites a different conversation about how a strategy might shape conditions between now and mid-century to ensure well-being for the next few generations.

The following section explores the challenges for Welsh communities up to 2050 given current and future trends. Many of these will be familiar to local government policy makers, because we are dealing with some of these issues now, but we tend to work within short time frames, and without a long-term view.

For each challenge, there is a short commentary which frames our current situation, and asks key questions about the direction of travel between now and mid-century. This section is informed by analysis from government, academia, think tanks and practitioners. (References are provided in Appendix A for each area of policy).

### Exercise 1 – Long-term strategic aims

These questions are not definitive but could be used within your own organisation with officers and members and with external partners to determine your understanding of your long-term aims.

One way of using this resource would be to ask the following questions:

- What outcomes do we need to achieve in these areas of policy by 2050?
- What do we need to change about our current approaches to achieve these outcomes?
- What do we need to do by 2020, 2030 and 2040 to meet our aims by mid-century?

### Maintaining economic growth and employment

Current approaches focus on developing key infrastructure to help the economy grow – the energy grid, high speed internet access, roads, health, housing, education facilities, as well as a wealth of initiatives to develop the skills base to reduce unemployment. Wales economy continues to perform poorly compared to other European nations and economic growth is based on retail consumption rather than production. Wales economy is heavily reliant on public sector jobs which will be hard hit by austerity measures in coming decades. Cheap oil and other resources which help to ‘fuel’ our economy such as food, metals, fertiliser, minerals and timber are likely to become scarce and more expensive.

#### Planning for an ageing population

The number of people aged 65 and over is projected to increase in Wales by 292,000 or 50 per cent between 2012 and 2037. At the same time the number of people aged 16-64 in Wales (working age) is projected to decrease by nearly 60,000 or around 3 per cent between 2012 and 2037. This demographic change is likely to place greater stress on public health services, including social care for the elderly and health care for illness.

How will we fund health care and social services for an ageing population and ensure the economy utilises the skills of elderly people?

#### Reducing inequality in life expectancy

Life expectancy is currently 78.2 for males 82.2 for females. The gap in life expectancy between the most and least deprived in Wales is widening. In 2009 this was almost 8 years for men, and 6 years for women. The gap can be as much as 10 years in some of our local authority areas.

Is the life expectancy gap going to get wider, or will it be closing by mid-century? What might the implications be of a reduced or widening gap for public services?

#### Adapting to a changed climate

In 2050 we will be living in a different climate to the one we experience today. Extreme weather events are likely to be more prevalent. It is these severe, more frequent conditions, which present some challenges to ensuring Wales is resilient for the future. Planning for these long-
term risks and opportunities from climate change is particularly challenging in a short and medium term environment of financial constraints and austerity.

If we don’t plan ahead for these conditions then: essential infrastructure (transport, IT, energy, waste) may be compromised; water and food supply may be disrupted; risks to communities increase especially among the elderly and other vulnerable groups; economic productivity may be reduced due to flooding, high temperatures and transport impacts; agriculture may suffer due to loss of soils and lack of water; and ecosystems services (flood retention and food production) may be degraded.

How can we plan well for changes to our climate?

Improving energy security and reducing energy poverty

Over the long-term, analysts suggest that reduced supplies of conventional oil and reliance on unconventional oil will affect oil availability and increase oil prices in the future, with potential economic impacts on businesses and on fuel poverty. Our economic and transport systems are highly oil dependent – (95% of transport in the UK is reliant on oil) and in 2012, 386,000 of Wales’ 1.36 million households were living in fuel poverty.

Globally, demand for energy is predicted to be 53% higher in 2030 than in 2004 and demand for gas is set to increase by 60% by 2040. At the UK level, by 2020, it is estimated that 50% of the UK’s oil will be coming from potentially unstable countries and 80% of fuels will come from overseas. Utilisation of gas is seen as a bridge between the UK’s current position and a lower carbon future.

Ageing energy infrastructure, reliance on gas from overseas and the need for heavy investment in its power stations and electricity grid mean that energy supply in Wales cannot be taken for granted by 2050. Wales though has great potential for producing low carbon energy through wind and tidal power, but like other areas of the UK, needs infrastructural investment and political support to make the most of this resource.

How can energy supplies be made resilient between now and 2050, given the infrastructural investment needed? How could businesses and households be protected from fuel price rises and reduce their reliance on these fuels?

Managing the impacts of population growth

Since 1971 Wales’ population has risen from 2.7 million to nearly 3.1 million now and will be 3.2 million by 2022. It is projected to increase steadily to 3.4 million by 2051 and 3.5 million by 2081. This rise will be through a combination of natural growth and steady inward migration predominantly from other parts of the UK and the rest from further afield.

How and where will we meet the needs of an extra 300,000 people by 2050?

Meeting housing need

There are 1.3 million households in Wales in 2014. In 2010 Welsh Government estimated 284,000 additional homes were required in Wales between 2006 and 2026 and suggested a backlog of unmet housing need of 9,500 households. Wales has an ageing housing stock that requires major investment in energy efficiency. 140,000 properties are at risk of flooding, which is likely to increase with the effects of climate change.

How are we going to accommodate our growing population while the trends are for smaller households and people living alone?
Maintaining essential ecosystem ‘services’

Wales’ environment has provided generations with basic resources to live: food, water, soils, timber, minerals, as well as ‘services’, such as pollination of crops and flood water retention. We rely on the environment but there is a challenge to manage conflicting interests of agriculture, industry, communities, fisheries, housing, energy, construction and tourism as we use it, while we enhance biodiversity and maintain landscapes that we value.

Evidence suggests that we have been significantly degrading ecosystem services over the last 60 years in Wales. Trends from climate change and our increasingly consumptive behaviour of energy, water and goods will place further pressure on our resources and environmental quality. The challenge is to manage the range of ecosystems services for social and economic as well as environmental benefit.

Meeting demand for health and social care

Life expectancy for over 65s and healthy life expectancy are projected to increase to mid-century, with inequality in life expectancy between poorer and more well off areas continuing. At the same time, most projections suggest increases in age related chronic conditions, such as dementia, diabetes due to obesity, chronic kidney disease, mental illness, alcoholism and cancer. An ageing population will have increasing health and social care demands in coming decades. At the same time austerity measures are likely to continue in health and social care spending and services for the foreseeable future. Recent research from Wales Public Services (2013) suggests that by 2024-25, spending on health alone could rise from 42% of the Welsh Government’s revenue budget to 57% or 67% in their worst case scenario.

What environmental legacy will we leave by 2050? Will we still be able to rely on ecosystem services?

How will we ‘balance the books’ between greater demand for healthcare and social services and less money available for them?
Decreasing levels of poverty and deprivation

23% of Wales’ population are living in poverty. Official figures suggest that 32% of all children and 18% of the elderly were living in poverty in 2013. The recession, austerity and welfare reforms are ‘aggravating’ poverty in many of our communities, among the young, middle-aged, elderly, and people living in both urban and rural areas. Future austerity measures, increases in energy and food prices and climate impacts on local economies all have the potential to increase levels of poverty in Welsh communities. According to Oxfam, the forecast across Europe as austerity measures hit is one of increasing poverty and deprivation rising from 120 million to 145 million by 2020.

Improving literacy, numeracy and skills

The population’s basic skills base is poor with 25% of adults lacking basic literacy skills and 51% lacking basic numeracy skills. Wales’ schoolchildren’s levels of attainment lag behind many European countries. 12% of 16-18 year olds and 22% of 19-24 year olds are not in education, employment or training. Wales also has low attainment rates in post-16 education. At the same time, educational spending per head exceeds the OECD average. There are many initiatives focusing on early intervention and NEETs to address these issues, but will they address the basic skills gap in Wales by mid-century?

Maintaining resilient transport systems

Wales is heavily reliant on car travel. Wales has 1.6 million road vehicles and 70% of trips are made by car. There is an upward trend in rail travel while bus travel remains static. 80% of the commute in Wales is by car. Funding for maintaining our ageing road infrastructure is likely to be squeezed in coming decades. Another major challenge is the impact of potential fuel price rises on transport costs in Wales, especially in rural areas which is likely to contribute to fuel poverty in many households. Climate change and increased severe weather and flooding may also have a major impact on transport infrastructure as 23% of the trunk road infrastructure in Wales and 56% of railways are in flood risk areas.

Secure food supplies and reduced food poverty

Welsh land, soils, water, and biodiversity all add significantly to the income of ‘Wales plc’. 77% of Wales’ land area is currently used for agricultural production. The agricultural and food industry in Wales contributes £17.3 billion turnover, accounts for 170,000 jobs, 23,000 businesses and adds £4 billion to the Welsh economy. Sustainable management of natural resources to ensure future generations can grow food effectively will be a major challenge for policy makers between now and mid-century. Pollinators have been declining for the last 30 years, nutrients in soils need careful management and access to water for agriculture in some parts of the UK, including Wales is predicted to be severely challenged by climate change.

Rising energy costs for farms and food businesses and the impact of climate change on production and land management are likely to impact on food production methods and growth. Wales farming population is ageing, with fewer young people remaining in the industry. Food expenditure is taking up an increasingly large part of household income. We now spend 17% more on food per household than we did in 2007. Food banks are now serving 80 towns and communities across Wales and use will grow from 35,600 individuals to 70,000 during 2014.
Maintaining water supplies

95% of Wales’ water comes from its rivers and its 65 reservoirs (Dwr Cymru 2012), making supply vulnerable to drought, low rainfall and low river flows, conditions which are predicted to become more frequent through climate change. We use 800 million litres of water per day on average, which can increase by 25-50% in times of high demand. Climate change is predicted to change rainfall patterns, with wetter winters and drier summers, and nature conservation needs to continue to play its important role in maintaining the quality of our water. Dwr Cymru (2011) suggest the “challenges are greater and more serious than they have been for the last two or more generations” for our water supplies.

Will climate change restrict the use of water in communities, businesses and industry? What measures might need to be implemented to meet increasing demand in the face of this challenge?

Providing safe communities

How might macro trends in energy and food poverty and climate change affect the work of Community Safety Partnerships by 2050: dealing with crime; youth offending; anti-social behaviour; alcohol and drug abuse; fire; domestic abuse? Analysts including the Association of British Insurers suggest that greater incidents of internet crime, identity theft and knowledge and information crime will become more prevalent as we rely on the internet for our business and personal information. What e-crime might we be dealing with by mid-century?

Will potential energy, water and food security issues be causing civil disorder and fuel and food theft in our communities? How might the equivalent of Wales Resilience, Emergency Planners and Local Resilience Fora in 2050 be dealing with increased frequency of emergency incidents such as flooding, heat waves and forest fires caused by climate change as well as their ‘day job’ of preparing for plane crashes, nuclear incidents and pandemic flu outbreaks?

What new challenges for community safety might we be facing by 2050? Are there opportunities between now and mid-century to prevent them?

Maintaining a strong culture and heritage

The Welsh language is currently spoken by 20% of the population. 16.3% of people are fully literate in Welsh, however in the Welsh-speaking ‘heartlands’, in the north and the west of Wales, numbers of Welsh speakers continue to decline. Analysts suggest that the “future of Welsh cannot be taken for granted”.

What role will ‘identity’ and religion be playing by mid-century? Currently 66% of adults living in Wales identify with being ‘Welsh’, 34% identify with other identities or groups. 69% of Wales’ population are religious, 31% have ‘no religion’, with the trend towards greater secularism in our society.

For our built heritage, Wales currently has 30,000 listed buildings, 4,000 ancient monuments and 3 World Heritage sites. It is suggested that the heritage industry accounts for 30,000 jobs and contributes £840 million to the economy every year. Will we be relying on heritage tourism more and continue to protect buildings and sites for future generations?

What proportion of our population will be speaking Welsh by 2050? Will our culture and arts be more or less dependent on public funding?
Future generations matter now

“This could be our best century or worst. The outcome will depend on our ability to understand and harness the extraordinary opportunities, as well as manage the unprecedented uncertainties and risks.”


“[We have] an essential task of transforming patterns of delivery so that they are sustainable for future generations as well as our own.”

Auditor General Wales (January 2014)

Local Government in Wales delivers services to 3 million people, is represented by over 1200 democratically elected members, is responsible for £8.6 billion funding and accounts for 150,000 jobs (1 in 8 jobs in Wales is in local government) (WLGA 2014). Its focus is predominantly on the needs of current service users our current generation.

However, local government can plan well for the future, in terms of early educational needs, housing, transport and land use, with 20-year time frames guiding policy. At the same time, the needs of future generations can often be glossed over or ignored as ‘too uncertain’, ‘not our current responsibility, too difficult in times of austerity’. Why does local government plan well for the future in some areas of policy, and ignore the needs of future communities in others, using uncertainty and financial constraints as an excuse?

Institutional myopia?

This issue was explored in 2013, in the Oxford Martin Commission’s Now for the Long-Term, which attempted to explore the dichotomy of short and medium term austerity measures and the need to plan for long-term trends. The Commission, made up of government, business and civil society representatives, suggested that we are ‘locked in’ to models of institutional governance, policy and behaviour which make it very difficult to plan for the long-term. We have immediate concerns of meeting the needs of current generations, with reduced finance to meet their needs.

They identified ‘shaping factors’ which make long-term difficult to plan for:

- institutions struggling to adapt to current pressures
- short-term political and business cycles encouraging short-termism
- a lack of political engagement and trust with the electorate
- a growing complexity to the problems that we face.

Their suggestion is that in many cases we have “institutions built for yesterday” which find it difficult to operate on longer-term time horizons.

http://www.oxfordmartin.ox.ac.uk/commission

http://www.wlga.gov.uk/
What sort of lens does your organisation use?

Is your own institution ‘built for yesterday’? How well is it adapted to think about long-term issues, policy and practice? The following model has been developed by Netherwood Sustainable Futures and WLGA to help organisations to explore their own approach to long-term resilience. It focuses on 4 types of authority as ‘extremes’:

- **Myopic and retrenched** – short-termist and insular about long-term policy problems.
- **Aware and retrenched** – long-termist but focusing mainly on internal responses.
- **Rhetorical and collaborative** – long-termist in words but maintaining traditional short-term approaches.
- **Resilient and collaborative** – a shared approach to long-term resilience with partners.

“Each ‘extreme’ has a set of features for approaches to:

- policy
- financial
- delivery
- risks
- performance
- partnerships
- measures”

These features are not definitive but can be used for you to explore which characteristics your own organisation adopts towards the long-term by asking the following questions:

- **Which type of authority best describes your own?**
- **Which characteristics do you currently adopt?**
- **Which should you adopt to better consider the long-term?**

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**Exercise 2 – A long- or short-term lens**

This could be an exercise you undertake with your corporate management team, policy forum or with your executive or cabinet or LSB partners.
## Exercise 2 – A long-term or short-term lens

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<thead>
<tr>
<th>Rhetorical and Collaborative</th>
<th>Resilient and Collaborative</th>
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<tbody>
<tr>
<td>• Policy identifies long term key issues</td>
<td>• Long term risks and opportunities for resilience to mid-century identified</td>
</tr>
<tr>
<td>• No change in traditional 5-10 year approaches</td>
<td>• Long term financial models using whole life costing and invest to save</td>
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<tr>
<td>• Short term financial models balancing budgets</td>
<td>• Preventative and opportunistic measures identified with partner organisations</td>
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<td>• Silo policy and delivery the norm</td>
<td>• Activity focused on collaborative approaches to increase resilience</td>
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<td>• Risk management mainly internally focused</td>
<td>• Risk management community focused</td>
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<tr>
<td>• Coping year by year, with performance deteriorating and resilience weakened</td>
<td>• Coping, with new delivery models maintaining or enhancing service performance and increasing resilience</td>
</tr>
<tr>
<td>• Partnerships tackling long term issues through short term projects</td>
<td>• Partnerships both high level and delivery, sharing risks, finance, premises, staff</td>
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<td>• Measures focus on delivery against external targets</td>
<td>• Measures focus on community resilience</td>
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<tr>
<th>Myopic and Retrenched</th>
<th>Aware and Retrenched</th>
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<tbody>
<tr>
<td>• No long term view</td>
<td>• Long term risks and opportunities for resilience to mid-century identified</td>
</tr>
<tr>
<td>• Short term policy 4-5 years constantly in flux</td>
<td>• A few examples of long term financial approaches, most short term</td>
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<tr>
<td>• Short term financial models balancing budgets</td>
<td>• Preventative measures identified with partner organisations not acted upon</td>
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<tr>
<td>• Silo policy and delivery</td>
<td>• Activity focused on Council only approaches to increase resilience</td>
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<tr>
<td>• Traditional internalised service delivery</td>
<td>• Risk management Council focused</td>
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<tr>
<td>• Risk management internally focused</td>
<td>• Coping, with traditional delivery models questioned but unchanged</td>
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<tr>
<td>• Coping year by year, with performance gradually deteriorating and resilience weakened</td>
<td>• Partnerships viewed as statutory requirement and risk to be managed</td>
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<td>• Partnerships viewed as statutory requirement and risk to be managed</td>
<td>• Measures focus on effectiveness of Council</td>
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Tackling ‘presentism’ in our approaches to governance

Professor Dennis F Thompson of Harvard University has examined why we discount the needs of future generations and have difficulty of accounting for their well-being. His basic assumption is simple:

“Citizens discount the future so the democratic process follows suit”.

He calls this phenomenon ‘Presentism’ which manifests itself in governments and in decision making in a number of ways, which mean that rather than accounting for future generations they are discounted:

- long-term risks are neglected
- citizens not yet born are ignored
- the interests of immediate descendants are maximised
- making democracy more inclusive does not help future citizens
- temporal limits on politics, policy and finance focus ‘the business’ on the short-term.

Thompson explores how this bias can be addressed within government institutions, given the constraints of the systems we work in. He suggests ways in which politicians and officials can represent the needs of future citizens by:

- expressing their perspective in decision making and policy formulation
- acting as a surrogate, substitute or deputy within decision making fora
- identifying values that are likely to be neglected and priorities to adopt
- protecting their capacity for making collective [sustainable] decisions in the future.

Could Welsh local government adopt these approaches in their work in Cabinets, Executives and Committees? Could Scrutiny play an effective role here? How might the needs of future generations be addressed in constitutional reform in response to the Williams review? Should local government in Wales adopt the philosophy of John Rawls, cited by Thompson?

“Do unto future generations as you would have past generations do unto you”?


http://dash.harvard.edu/handle/1/9464286

Organisational interventions for the long-term

It may be useful to think at this stage about how your own organisation could approach the needs of future generations and account for them in the way that you do your business. The Oxford Commission and Thompson provide some useful suggestions for organisational change which might help in building accountability for future generations:

- In policy formulation ask whether the policies/actions provide greater utility or less utility for future generations.
- Use 2040/2050 scenarios to explore conditions which future generations will face. How resilient will communities be by mid-century given current policy direction? (see example from City & County of Swansea opposite).
- Make provision for future generations in constitutions and terms of reference for work in partnerships (such as the LSB) or in future governance arrangements.
- Produce reports which focus on tackling inter-generational issues.
- Adapt financial systems which give greater priority to long-term financial “health and adopt long-term budgeting and fiscal planning”.
- Measure long-term impact: creating indices to track the effectiveness of your work on longer-term issues.
- Use of sunset clauses: to ensure regular review of policy direction and accomplishments – is the current approach fit for purpose?
- Establish bespoke institutions – such as a future generations panel, committee which includes young and elderly representations to examine policy and decisions from a multi-generational perspective.

The imperative for organisational change in ensuring that local government is both resilient and effectively structured to deal with the longer-term intergenerational challenges is covered in the later sections of this report.
Swansea 2040
Ward level scenarios to explore the future

The City & County of Swansea have been using a series of future scenarios developed by Netherwood Sustainable Futures and WLGA to explore how communities might function in 2040. This has helped in capacity building among officers, executive, the scrutiny function and with external partners to think about the future both practically and locally. This has helped to explore budget setting and austerity measures, partnership work for economic regeneration and multigenerational poverty in deprived areas of the city over the long-term, towards mid-century.

The scenarios explore a future where climate change, energy security, food security, infrastructural resilience, austerity and resource scarcity have impacted on Swansea as a whole and in particular wards in the city. Using current demographic, infrastructural, economic and social data a possible future has been created for the city and individual wards in Llansamlet, Castle, Townhill, Clydach, Penclawdd and in Penderry Action Area.

Cockett 2040

Cockett has maintained its population from 2012 levels at around 13,000 people. Its manual skilled workers work locally on industrial and retail parks within walking and cycling distance of their homes. Many of these jobs are 'green' jobs, engaged in eco-tech, re-use, recycling and low carbon. Closed loop supply chains minimise waste and Cockett businesses link across South West Wales to utilise waste materials and produce new products. Social enterprise forms a large part of this local economy, including Swansea’s market garden complex sited on the Ystrad Industrial Estate, which provides fresh year round food to Swansea’s schools. Community food cooperatives linked to the market gardens provide training and volunteering opportunities for young people in agriculture – a growth sector – this is helping to upskill benefit claimants in the Ward. Volunteering also provides health benefits to those suffering long-term illnesses.

Penclawdd 2040

Perched on the edge of the estuary, Penclawdd village has had a huge impact from rising sea levels and increased flooding caused by climate change. Crofty Industrial Estate and the coastal residential area and retail became un-defendable in the early 2030’s, like many coastal communities across Wales. Many businesses folded, and householders suffered, but others, understanding the risk of climate change, relocated in the late 2020’s. Penclawdd’s population has reduced as much of the housing was impacted by storm surges in 2032, with residents being located in emergency housing in Gowerton.

Llansamlet 2040

Llansamlet in 2040, like other areas of Swansea, benefits from an electric tram service along the A4067 route and from Peniel Green, bringing workers and shoppers into the city centre and to the markets and community enterprises now occupying the former retail/enterprise park next to Swansea City Stadium. The larger firms pulled out of the retail park in the 2020s as car ownership fell and energy and food prices increased. Now the site provides markets for the re-use, repair and resale of consumer items, as resource recycling has become more economic and household disposable income has reduced. The park also provided a home for the Council in the early 2030’s as they relocated from the seafront after the flood in 32’. Other retail units are now used for health care, performing arts projects, agricultural training, volunteering, council services and community projects. Morfa Rd Industrial estate is now a sustainable energy park, providing advice and installation of micro-generation technology to Swansea’s businesses and households, while also producing electricity from turbines in the river and a small solar park.
The ‘story’ of the scenarios is that ‘we have coped but it has been challenging’. The questions for those engaging with the scenario are:

- What are the major risks and opportunities that result from this scenario?
- What do you think needs to be done between now and 2040 to minimise risks and maximise opportunities? How do you think politics, policy and practice need to change?

Ward members, officers, leaders and partners have been able to readily engage with this technique. A major challenge has been senior officers seeing value in ‘the future’ when immediate resource constraints and service planning are pressing. Strong leadership has been needed to address this.

Examples from the ward narratives are provided later in this section

Further information and resources on FutureTrends and Foresighting can be found on the WLGA website: http://www.wlga.gov.uk/futures-masterclass-resources/

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**Townhill 2040**

Townhill’s elevated position means that it has been immune to the river and coastal flooding experienced by other areas of Swansea, but climate change has impacted on the housing stock, with increased storm damage and maintenance bills for privately owned and rented housing. The longevity of the housing stock in the ward is becoming an urgent issue. Regular heatwaves every summer (34°C+) are causing mortality and acute health problems among the elderly and very young in the Ward. Like schools across the County, those in Townhill are regularly closed due to high temperatures and care facilities are finding it difficult to keep residents and visitors cool due to high energy prices for air conditioning and un-adaptable facilities. Conversely, investment in photovoltaics during the 2020s and 2030s means that Townhill’s residents are benefitting from increased sunshine hours in South Wales meaning cheap electricity for heating and air-conditioning. Homeowners with limited disposable income on the brink of fuel poverty have been cushioned from the increasingly high gas prices caused by energy security issues abroad.
Long-term planning is achievable and meaningful

The following case studies demonstrate ways in which future strategy has been developed by governments, government agencies and partners. They all ‘frame’ the future using timeframes from 2030 onwards and some take a view towards the end of the 21st Century. All of these examples take approaches which may inform the way your own organisation could consider the long-term. What is common is that they take a range of current and long-term trends and apply these conditions to their locality, drawing conclusions about their approaches to governance, physical development, risk management and community well-being.

An overview is provided for each case study which aims to draw out what is interesting or unique about the approach. A key learning point for applying these techniques is provided at the end of each example Links to further information are provided.

New York 2030
Multi-agency collaboration to plan for future conditions

New York is planning for an increase in population of 9 million by 2030. It has ageing infrastructure, including transport, water and power systems, a major housing problem, has a vibrant but evolving economy and views climate adaptation as the “defining challenge to the city for the 21st Century”. City leaders suggest that in terms of infrastructure New York is “living on the limits of its inheritance”.

25 city and government agencies have worked together since 2007 to develop a view of likely conditions by 2030 and to plan accordingly. The ‘frame’ for this collaboration is based around maintaining a feasible living and working environment for New York citizens and global business. The 2030 plan has provided a framework for this collaboration.

The approach is honest about the challenges and the obstacles in the way of progressing long-term planning. It has clear goals and is explicit about who is accountable and how to measure progress. Data and evidence has been key to both building the business case for change and monitoring progress. Since 2007, $1.5 billion has been invested in waterways, half a million trees have been planted, 64,000 housing units have been provided, and 30% of yellow taxis now run on renewable fuels.

Learning – Multi-agency collaboration on long-term planning has been instrumental in providing a framework that every actor works to, in order to meet long-term goals.


© Songquan Deng / Shutterstock.com
Johannesburg 2040
Aspiration for a 2040 society

Johannesburg’s Growth and Development Strategy to 2040 (2011) charts the long-term ambitions for the city with a focus on multi-generational challenges and human and social development. It outlines what the city hopes to achieve by 2040, long-term outputs, and indicators to measure progress.

The Strategy provides a commentary on the challenges for the city: shifting populations, an interconnected but vulnerable economy, natural resource scarcity, vulnerable infrastructure, technological innovation and rising inequality. It is very clear about the current situation and the likely impact of future trends if they are unmanaged on future generations of citizens. Its aims by 2040 are:

“A resilient, liveable, sustainable urban environment, underpinned by infrastructure supportive of a low-carbon economy”.

The strategy is not spatial. It provides the context for other spatial plans for infrastructure, housing and transport. It sets a defined strategic direction for the city to inform medium term spatial, financial and partnership planning.

Learning – A 2040 multi-generational strategy like Johannesburg’s can provide the framework for other medium term plans.

Helsinki 2050
Innovation to debate future conditions
In 2008, the City of Helsinki ran an international competition to provide them with innovative ideas for how Helsinki might develop by 2050 to cope with an ageing population, infrastructural resilience, housing, and climate change in its 14 regions. 250 ‘frameworks’ for a future Helsinki came forward from across Europe. Consultation via ‘ideas flocks’ engaged the public about the best ideas from the entries in the competition.

The result of this is a view of Helsinki in 2050 which is internationally linked, renowned for business innovation and science, close to nature, eco-efficient, climate resilient and energy secure.

This vision is now the basis for ongoing discussion about the future of the city. Detailed consultation is continuing on specific questions:

- “What is a good population density for the city?
- “Should we build a tunnel to Tallinn in Estonia?”
- “What might your neighbourhood look like in 30-40 years?”

The frame developed by the competition is also informing approaches to development in Helsinki Harbour, nearby Espoo and residential transport hubs around the city.

Arguably, by opening up the debate internationally and then presenting innovative ideas at the city wide and neighbourhood level, this has meant that traditional approaches have been challenged and a wider range of possibilities for the future have been explored.

Learning – Opening up the debate about the future and using a wide range of alternative possibilities, rather than an in-house preferred option, can provide a useful framework to engage the public on the future of their locality.

http://www.yleiskaava.fi/en/

http://www.hel.fi/hel2/helsinginseutu/FINAL_GreaterHelsinki_200x200mm_english_03-09-2010_LOW.pdf
City of Helsinki (2013) Helsinki City Plan: Vision 2050
National Grid 2030-50
Options for meeting future energy demand

In 2011 the National Grid published UK Future Energy Scenarios, aiming to explore policy for the development of gas and electricity networks. Detailed analysis for heating, electricity and gas demand and supply are provided up to 2030 and longer range forecasts for 2030-2050. The scenarios have government targets for reducing emissions and increasing the market share of renewables at their core.

The three scenarios for the future are

- **Slow progression** – where government targets are missed and households and the economy rely heavily on fossil fuels.
- **Gone green** – where 20% renewables targets are met and households and the economy are reducing carbon emissions.
- **Accelerated growth** – where renewables are embraced by the market and new renewables technologies make low carbon energy the norm.

These scenarios are driven by assumptions about the economy, fuel prices, technological innovation and energy demand. They also consider the energy mix of biofuels, nuclear, combined heat and power, gas, coal and renewables.

The National Grid’s approach provides alternative views of the future, based on a wide range of trends and variables that may influence those futures. Rather than being aspirational, these views consider real influencing factors to inform their narrative of the future, providing validity to their conclusions. This approach is intended to open the debate about the future without drawing firm conclusion – they offer options for debate to influence and inform policy.

★★★ Learning – Presenting alternative futures for localities based on local characteristics and external influences – best available evidence is being used to frame future investment.


Queensland Agriculture 2040

Using a long-term target to frame future actions and examine current actions

Queensland’s government aims to double agricultural, fisheries and forest production by 2040. This agriculture strategy aims to create conditions that enable this part of Queensland’s economy to “thrive in the long-term”, and provides a target led framework to enable this. The strategy uses the long-term target as a backdrop to discuss ways of:

- maintaining resource availability (including energy, water, soils, fertilisers) that the agricultural economy relies on
- increasing productivity through efficiencies and technological innovation
- increasing market access for products to S.E Asia
- reducing production costs to increase profitability.

Each of the 60 policy interventions identified in the strategy has the 2040 target as a benchmark. These interventions cover systemic, process based and leadership issues as well as operational activities.

Progress is being monitored via a State of Queensland Agriculture Report to provide a baseline of information on agricultural, fisheries and forest production.

Learning – Using a definite target to achieve by mid-century can help to inform the potential impact of current and planned policies in the long-term. Are they going to do enough soon enough?

Source: State of Queensland (2013) Queensland’s agriculture strategy: A 2040 vision to double agricultural production

America 2050
A framework for regional collaboration and planning

America 2050 is the national strategy for growth into the 21st Century and was produced in by the Regional Plan Association and a National Committee made up of civic and business leaders, policy and regional planners. Its purpose when it was published in 2006 was to focus on infrastructural and land use needs across the USA to mid-century, promote cross-regional collaboration and to guide future funding and investments.

“America by design or America by default”

The US is experiencing spatial inequality in massive growth in metropolitan regions and decline in ‘bypassed areas’. The strategy considers infrastructural and land needs in the context of this pattern, and how energy insecurity, infrastructure reaching its capacity will impact on economy and society in 11 mega-regions across the country. It provides a well evidenced, coherent long-term narrative of the challenges to America’s infrastructure and land and is helping to shape a collective response.

The strategy was designed to develop a national debate about the strategies to address these challenges and has resulted in a national campaign, conferences with key actors and work around the evidence base. After 8 years it is still providing a framework for strategy development and is shaping the debate on high speed rail, conservation, energy and water needs.

Learning – A future ‘narrative’ can help to explore regional, multi-dimensional issues where responsibilities and networks of actors are complex. It can also help to guide investment decisions.

http://www.america2050.org/about.html

Hawaii 2050

Strong narrative about the future and conversation with communities

In 2005 the Hawaii embarked on a 2 year conversation about the future of the state and what needed to be achieved by 2050. Three rounds of state wide meetings engaged 10,500 people via community meetings, polling and social media. The state recognised it was “at a crossroads” with deterioration of public infrastructure, lack of affordable housing, reliance on a service based economy, vulnerable in terms of energy and food supply and reaching carrying capacity on its islands.

A task force was established made up of civic, business and community leaders, Hawaii’s Institute for Public Affairs and the University of Hawaii to collate the results of the engagement and plan for the future.

The engagement was data and evidence driven, focusing on the pressing needs of now – housing, education, energy security, sustainable consumption and production, care for the elderly – but also focused on the multi-generational needs of Hawaii, including future generations and island culture.

The result of the engagement was a five point long-term strategy: living sustainably on a daily basis; respecting the use of natural resources and preserving them for future generations; building strong communities with safety nets for those in need; making decisions based on need; creating conditions which enable island cultures to thrive.

This strategy was not intended to ‘trump’ other plans but provide a long-term framework or context for other plans, as it was recognised that the long range future was not recognised in current strategies. A series of ‘summits’ have explored to what extent current approaches are meeting the strategy, including food security.

Recommendations have been made for legislative change and plan revision and a report card on progress has been established. Now community level plans are being developed using the same framework.

Learning – Wide range consultation on the future is possible. Communities can be engaged about the needs of the future generations. It is important to examine how fit for the future current approaches are.

http://www.hawaii2050.org/

Tokyo 2050
Conceptual approach to long-term physical planning

Tokyo is planning for a decrease in population to three quarters of its current level by 2050, a decrease of 4 million people in 50 years. One third of the population is projected to be over 65 in 2050. Maintaining physical accessibility to services, retail and jobs as energy resources become more expensive, and preventative approaches to emergency planning are seen as key challenges.

In order to plan ahead for the future the city government invited ideas for what Tokyo could like in 2050 if the city had managed this massive demographic change. This ‘competition’ resulted is 12 visions for Tokyo 2050, which have been used in exhibitions to engage with the public and stakeholders on the future.

The ‘winning’ vision from the University of Tokyo is based on the simple concept of basing future urban development on ‘Fibers’ – linkages of transport, communication, retail, universities, utilities and landscape, to concentrate resources, and minimise the need to travel around for an ageing population. The options provided by the University detail approaches to housing, fire risk management (after earthquakes), energy systems, greening neighbourhoods, water systems and linking ‘meisho’ areas of cultural significance. The University provides costings and suggest ways of including business in their approach.

Tokyo’s approach to looking at the future relies heavily on images – models, photos, maps, designs and graphics to engage key actors. The ‘visions’, rather than being aspirational are backed up by a significant amount of detail, and in the case of the Fiber City concept, visual depiction of ‘resilient’ neighbourhoods.

★ Learning – Conceptual ‘visions’ of the future can be detailed, costed, locally resonant and engage the public and business.

http://kingo.t.u-tokyo.ac.jp/ohno/fibercity/fibercity100217_eng.pdf

Thames Estuary 2100
Risk based, localised approach for long-term flood risk management

In 2012, the Environment Agency produced the Thames Estuary 2100 Strategy. It aims to manage flood risk through London and the Thames Estuary through this century. Produced in collaboration with the Met Office and Hadley Centre, the strategy has the potential impacts of climate change on flooding at its core. It aims are firstly to give confidence to those who live and work in the area that flood risk is understood and manageable and secondly to plan proactively for the future. The strategy was produced through major dialogue with a wide range of relevant bodies, including local government, and was subject to major consultation at the local level.

A coherent picture is provided estuary wide and in area-based action zones with the narrative following a logical structure:

- What is the situation today?
- What is at risk?
- What is at stake (government, commerce, people, culture, the commute, the port)?
- How do we manage currently?
- What are the main challenges (infrastructural, physical, institutional and from climate change)?
- What are the options for the future?
- What are the costs?
- Implementation in action zones.

The strategy also has three time horizons shown in the diagram below. This breaks ‘the future’ down into understandable chunks.

**Three time horizons – three themes for flood risk management**

<table>
<thead>
<tr>
<th>Time Horizon</th>
<th>Theme</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>First 25 years</td>
<td>The first 25 years</td>
<td>From 2010 – 2034</td>
</tr>
<tr>
<td></td>
<td>“Maintaining confidence and planning together”</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Continuing maintenance, operation and essential improvements</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Creating new habitats, safeguarding the spaces for future flood management and working in partnership with others to reduce flood risk</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• TE2100 will have a real influence in the preparation of, and updating of local strategic and spatial plans</td>
</tr>
<tr>
<td>Middle 15 years</td>
<td>The middle 15 years</td>
<td>From 2035 – 2049</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Many of the existing walls, embankments and smaller barriers will need raising and major refurbishment or replacement in this period</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• These major projects provide an opportunity to reshape our riverside environment through working with spatial planners, designers, environmental groups and those who live and work in the Estuary area</td>
</tr>
<tr>
<td></td>
<td>To the end of the century</td>
<td>From 2050</td>
</tr>
<tr>
<td></td>
<td></td>
<td>“Preparing for, and moving into the 22nd century”</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• From 2070 (based on government’s current climate change guidance) a major change will be needed</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• The decision on the ‘end of the century’ option to be adopted must be made at the start of this period followed by planning and preparation for implementation</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• By 2070, flood risk management arrangements must be in place to take us to the end of the century—and beyond</td>
</tr>
</tbody>
</table>

The plan provides overview, local detail, evidence and clear reasoning for policy choices. It provides a timeline into the future, which is helping to determine investment, priorities and work on the ground.

★ Learning – Despite uncertainties about the future, long-term strategy can be logical, well-reasoned, can clearly explain policy options and guide investment.

The challenge

Having considered the uncertainties and difficulties in long-term planning and considered a perspective of the longer-term societal and environmental trends, we begin in this section to consider how local government will need to adopt new ways of working to meet these challenges and opportunities.

This section outlines an alternative approach to thinking about how services can deliver local outcomes through a long-term lens and considers the critical areas of focus for leaders as they respond to these significant challenges.

It is fair to state that many authorities are already reaching a tipping point where it is no longer possible to undertake the same activities as before. Local authorities now have to fundamentally redefine their role and purpose. Put simply, local government now needs to make new strategic choices as well as finding more efficient and effective ways of working if they are to achieve their long-term outcomes.

Approaches need to be focused on pursuing the right outcomes and impact in communities, irrespective of delivery method; developing the right strategic partnership and decision making models built upon longer-term evidence and trends, irrespective of ideology; and embedding new analytical techniques, competencies and disciplines for measuring success.

Local public services need to be viewed in a much more holistic way, with a focus on how multiple organisations, and citizens themselves, can contribute to securing desired outcomes. This is not about ‘lifting and shifting’ existing operational service delivery into new models. Solutions need to do different things, not just the same things differently. These new models must build inclusivity and resilience into local communities if they are to deliver the needed change.

This new landscape will require fundamentally different organisational cultures and behaviours to make it successful, along with an intense focus on digital innovation and intelligent and insightful data collection and management. This will be increasingly important as organisations develop a robust long-term evidence base, and work across silos as they look to establish a coherent long-term strategies and plans.

There is a need for a new framework that enables local authorities and partners to make strategic choices leading to the redesign and development of new ways of working on the ground. This will be a complex journey, but there are a number of steps that will help to create the right foundations to deliver more effectively against this agenda.

Addressing the long-term, multi-generational issues is inherently complex. This complexity can be compounded when political agendas and ideologies are layered on top. Based on our research we have identified three lenses that a future local government will need to look at itself and its decisions through. Alongside these lenses are six key characteristics which will support leaders to ensure they have set the right tone and culture to address the generation 2050 agenda.
Future lenses to guide behaviour

In our view, the local government of the future will need to act and behave like a living organism, surviving and prospering today whilst recognising the long-term intergenerational challenges, adapting to change and evolving to address society’s needs as they develop. In comparison, many governmental organisations can currently resemble machines with limited ability to evolve without being dismantled and re-shaped with considerable financial and human cost. Gone are the days, if they ever existed, where legislation could be laid down, policy levers pulled and delivery happen automatically as a result.

The foundation to enabling a longer-term time frame and longer-term decision making is the organisation’s vision and mission. Clarity over the vision and mission enables the organisation to answer the first key questions of: where do we need to go? And what can our organisation achieve in the next 30-40 years? This begins with its purpose, as defined by politicians, which should guide the formulation of the vision and set the direction. But this also needs to encompass internal and external stakeholders’ points of view, as well as reflecting changes in the environment through scanning the horizon and absorbing new intelligence such as that presented through social media and international academic research.

To deliver its vision and mission, however, requires the organisation to find the appropriate size, shape and operating model. The leadership of any public body will need to chart its course by viewing itself through different ‘lenses’ which guide its behaviour:

- **Citizen-centricity.** Always keeping the citizen (both the current and future citizens) at the very centre of thinking, ensuring that the public sector organisation remains relevant to meet citizen needs (current and future) effectively, affordably and on a timely basis.
- **Internal-external balance.** Ensuring the right balance between managing internal organisational efficiency and effectiveness and external growth and so enable the delivery of durable, sustainable or what we call ‘good growth’. There is a danger that in times of austerity local authorities become too inwardly focused and short-term, without managing long-term externalities. [http://www.pwc.co.uk/government-public-sector/good-growth/index.jhtml](http://www.pwc.co.uk/government-public-sector/good-growth/index.jhtml)
- **Sustainable outcomes.** Strategically building assets for society by managing/maintaining the ‘capitals’ needed for long-term prosperity: social, environmental, cultural, intellectual, infrastructural, ICT and political participation. Ensuring that these assets are managed in such a way as to leave a long-term legacy for future generations.

**Characteristics and lenses of a future Local Government**

Source: PwC - Future of Government – June 2013
Characteristics of a future local government

In turn, we have identified five interdependent and reinforcing key characteristics which the future leading public sector body should manifest in both its hardware (structures, processes and systems) and software (leadership, mind-sets, organisational culture and people). These will affect how leaders and their staff behave in order to deliver the outcomes and impacts required of them:

- **Agile.** Able to anticipate situations as well as adapt and react optimally to unforeseen events, in a speedy and cost effective manner providing needed responses in the short-term without compromising long-term options. Agility in turn reinforces organisational resilience. Such as responding to extreme weather events such as flooding through the development of effective resilience plans. Or ensuring a collaborative (cross discipline) response to supporting vulnerable adults and children due to health in equality and long-term poverty.

- **Innovative.** Both operationally as an organisation (processes, partnerships and financing, amongst others) as well as strategically. Innovative public sector organisations have the ability and capacity to incubate ideas and delivery models and accelerate their impact (scaling up via rapid prototyping). Long-term challenges such as ageing population and energy security will need innovative solutions to maintain well-being. Such as the use of public sector pension funds which include a social value within their Return on investment criteria facilitating the funding of local community projects which would have otherwise failed to have met traditional investment risk thresholds.

- **Connected.** The organisation should collaborate across sectors, borders and organisations, with co-ventures, co-creation and co-design being key features in its service delivery toolbox. This further highlights engagement of stakeholders across a variety of platforms, both physical and virtual. Such as the development of collaborative (City Region) renewable energy generation programmes, targeting and managing energy security/costs, encouraging local employment and addressing fuel poverty. Many of the challenges outlined in the earlier sections of this paper such as, infrastructure, energy, water and climate adaptation will need a regional response if they are to be truly effective.

- **Transparent.** This becomes especially important in today’s era as recent experience has seen an erosion of trust and legitimacy, particularly in relation to leadership. Transparency helps rebuild trust and keeps all parties accountable for actions and outcomes. Councils will also need to be much more transparent in demonstrating how the needs of future generations are part of their strategic decision making. They will need to develop better mechanisms to facilitate open and transparent government such as the some of the recent pieces of work by City and County of Swansea and Monmouthshire Councils in engaging their citizens in recent budget allocation decisions.
- **Capable.** Local Government will need to be equipped with the internal management capabilities to channel resources effectively and efficiently towards accomplishing the vision. This goes beyond an inspirational leadership and clear implementation planning. Managing finances effectively is an essential enabler, together with managing and prioritising the organisation’s projects, performance, risks, partnerships, assets and human capital. This management must be redesigned to ensure that those with responsibility for these areas are making decisions for longer timeframes based on good long-term evidence. We recognise that trying to value the long-term in the present is not easy and will need both finance professionals and leaders to develop a longer-term approach to investment strategies, business plans, budgeting and service transformation.

We recognise that there is still some way to go for professional organisations representing disciplines such as finance, procurement and risk management to fully integrate the principles of Sustainable Development, whole life costing and longer-term financial planning into their core professional training – however this is beginning to happen with the next generation of professionals being more aware of both the challenges and the opportunities from doing so. There are promising signs that the finance and accountancy professions are recognising the need to value and report on business in a much more holistic and long-term perspective. The work that has been undertaken by the International Integrated Reporting Council (IIRC) on the development of an integrated reporting model proposes a very different way to value and report on a business impacts and performance and is an indicator of the positive direction of travel in this area.

http://www.theiirc.org/

The result should be the successful execution of the local authority’s strategy, aligned to its vision and mission, and delivering the outcomes and impacts citizens, present and future need. In the further section of this publication we provide further detail on the components of the future leading public sector body and provide a toolbox for practical implementation.
"Vision without action is a daydream. Action without vision is a nightmare."

Japanese proverb

In the future local government, a premium will be put on people who are ‘situationally aware’, have a good understanding of the longer-term challenges and are able to adapt and change to the circumstances and be resilient in the face of the multiple internal and external challenges they will face.

However, this will be a significant shift for many organisations currently in the public sector. We do not underestimate the scale of the transition needed, particularly for those with thousands of staff. In tomorrow’s public body, collaboration, co-creation and co-design are the new ‘must-have’ capabilities, while agility, innovation, connectedness and transparency are the characteristics and behaviours needed from both leaders and their staff if the longer-term intergenerational and complex challenges are to be addressed.

Making change happen will require agile, inspirational leadership, a talent strategy which majors on attracting, developing and retaining people with the necessary attitudes and behaviours and a flexible and agile strategy which will ensure access to the skills required to address the challenges.

Local government will also need to move to a situation where:

- officers and politicians hold their nerve during the transformational change period
- there is a significant shift from old style static and bureaucratic organisations
- there is a shift to become dynamic adaptive entities
- it responds calmly but effectively to disruptive events
- rises to and embraces new challenges
- faces full on the dilemma of making decisions for the future generations whilst still managing those needs from current communities and citizens.

These are significant challenges and for some organisations a significant departure from the current model. In the next part of this report we have outlined a blueprint for action (see diagram on next page). This blueprint focuses on five fundamental aspects of local government that will need to be addressed if the long-term intergenerational challenges outlined earlier in this report are to be address. For each aspect we will explore some of the key characteristics and share examples of where other organisations have taken positive steps to implement them.
The five fundamentals for action

1. Leadership and culture for the long-term

There is a crisis facing the role of leadership today. So what are the challenges facing the leader of tomorrow’s Councils? And how can these be overcome?

Government (and business) leaders are facing all-time lows in the levels of trust as felt by increasingly empowered citizens who are choosing instead to trust in their peers and ‘the regular person’. Attributes such as community and societal impact and ethical decision making are considered essential to building future trust. As such, there are many challenges for today’s leaders of the future, who are literally called on to lead and to serve the citizens of tomorrow, in a world and society that faces:

- accelerating globalisation
- a need to reach out for more holistic and sustainable solutions
- enormous expectations regarding collaboration, co-creation and co-design in the local service delivery process.

The following questions highlight some of the other challenges currently facing Leaders of local government. Our view is that effective leaders will have considered leadership beyond that of their organisation and across the broader community, both public and private sectors. Leaders will need to ensure that they take stock to ensure that both the management and the culture of their organisations are well placed to answer these questions:

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### A blueprint for action – five fundamentals

<table>
<thead>
<tr>
<th>People dimension</th>
<th>Organisational imperative</th>
</tr>
</thead>
<tbody>
<tr>
<td>Attract</td>
<td>Leadership and culture</td>
</tr>
<tr>
<td></td>
<td>Create culture and behaviours aligned to the organisational vision/mission</td>
</tr>
<tr>
<td></td>
<td>- Innovative</td>
</tr>
<tr>
<td></td>
<td>- Agile</td>
</tr>
<tr>
<td></td>
<td>- Connected</td>
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<tr>
<td></td>
<td>- Transparent</td>
</tr>
<tr>
<td>Develop</td>
<td>Internal capabilities</td>
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<td>Ensure talent mirrors the requirements of the citizen/organisation</td>
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<td></td>
<td>- Mindset</td>
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<td>- Skills</td>
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<td>- Tools and technology</td>
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<td>- Training</td>
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<tr>
<td>Manage</td>
<td>Connectedness</td>
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<td></td>
<td>Bring the organisation closer to citizens and connecting its people</td>
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<td></td>
<td>- Networking</td>
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<td></td>
<td>- High performing teams</td>
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<td>- Technology – virtuality</td>
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<tr>
<td>Retain</td>
<td>Costs</td>
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<tr>
<td></td>
<td>Align costs and performance to best-in-class standards</td>
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<td></td>
<td>- Reward and performance management</td>
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<td></td>
<td>- Technology</td>
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<td>- Trust/ “moral dimension”</td>
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<td></td>
<td>Controls</td>
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<td>Ensure controls are in place to balance risk and performance and drive the right behaviours</td>
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<td>- Governance</td>
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<td>- KPIs/ scorecard</td>
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<td>- 360° feedback</td>
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</table>

### Traditional core business – internal focus

- Risks and controls
- Governance and compliance
- Cost control
- Communication and citizen consultation

### New core business – external focus

- Opportunities and growth
- Innovation, prototyping and demonstration
- Involvement of, and transparency with, stakeholders
- Collaboration and partnering: co-venturing, co-creation and co-design

Source: PwC – Future of Government June 2013
Effective leadership is the key that will unlock the door that ensures local governments are planning and ready for the future generations. Creating and enabling the right culture and behaviours is a critical first step to setting the right foundation on which to build, adapt service structures and delivery for meeting both the needs of today and those of future generations. Leadership and culture must be fully connected with the organisations long-term vision.

The starting point for any public sector organisation must be to set out a vision and mission which will energise its stakeholders to action. With change, uncertainty and austerity the new constants, organisations that fail to pause and reflect on where they are going and why they are headed in a certain direction can easily fall into the trap of continuing with a ‘business as normal’ mode – behaving in accordance with tradition and the existing body of regulations but not realising that their world and purpose is changing around them. As such, tomorrow’s public bodies need to navigate themselves by first formulating a strong and clear long-term (mid-century) vision and mission. Together, these will capture the organisation’s strategic ambition and purpose and serve to influence future decisions and behaviour within the organisation and also influence how other organisations respond to it.

A clear, well-formulated and well-articulated long-term vision has the power to energise people internally (employees) and externally (citizens, customers, partners), and steer actions and decisions towards a common shared purpose. The starting point is the view of the government of the day which will significantly influence the purpose and direction of public sector organisations.

Exercise 3 – Effective leadership

Use this set of questions at your next Corporate Management Team/Executive Board and assess how fit for the future your Council is!

- How do we handle the ‘new normal of disruptive futures’ (food scarcity, aging population, energy price spikes, and extreme weather events)? What does the contingency leadership plan look like?
- Do we focus on the future (‘fore search’) or the past (‘research’) in our leadership team?
- Do we have a reactive/proactive or interactive approach in relation to the surrounding world and our citizens (present and future)?
- Do we micro-manage and administrate, or lead by vision and serve with passion, and at the same time challenge our people – staff and citizens, present and future?
- Do we have a good balance between the outside (trends and tendencies) and the inside (motivation, values and vision)?
- Do we send out/give information, or build solid and true relationships, with an internal and external perspective for the longer-term?
- Do we measure inputs and outputs, or do we see the relationship between inputs and societal impact in the longer-term?
- Do we acknowledge our future citizens’ needs in shaping our decisions for today?
- Do we, as leaders, together with our leadership team, create or consume a legacy?
- Does our vision and leadership incorporate other public sector bodies and span economies?
Leadership has long been considered a critical element in any development strategy. Good projects without good leaders can easily fail. Research shows that leadership is often associated with visionary and charismatic leaders that drive initiatives through the many obstacles on the way.

However, that is not the whole story. Leadership is increasingly understood as a distributed capacity beyond hierarchical relationships. Multiple leaders will be needed to manage complex change over the long-term. In a recent study by PwC, Euricur and HIS *Innovative city strategies for delivering sustainable competitiveness – 2014*, the most remarkable examples of leadership involve the capacity of the ones in charge to effectively distribute their power. In those situations, it becomes difficult to differentiate a single leader as this capacity is spread among individuals who exert their different types of power (e.g. institutional, technical, boundary spanning and financial), in different ways but aligned to a common purpose. It is a common saying that ‘success has many parents’. A good example of this distributed leadership was seen in Manchester’s Digital Strategy.

Singapore

A strong commitment to a vision

When the tiny city-state of Singapore declared independence in 1965, then Prime Minister, now Minister Mentor, Lee Kuan Yew had the vision to transform Singapore into a “first world oasis in a third world region”. A critical part of that vision was ensuring the nation’s water self-sufficiency. As Minister Mentor Lee noted, “This water dominated every other policy. Every other policy had to bend at the knees for water survival.” Accordingly, one of the first things Lee did post-independence was to set up a unit in his office to coordinate the prioritisation of water at the whole-of-government level. Water policy topped the political agenda and all other sector policies were scrutinised for their alignment with the aim of long-term water security.

The Public Utilities Board was created with the mission of ensuring the provision of an adequate and dependable supply of water that would sustain the country’s industrial and economic development as well as the well-being of its citizens. Not long after, in 1972, Singapore became one of the world’s first countries to form a Ministry (today called the Ministry of Environment and Water Resources) dedicated to sustaining a clean and healthy environment for its people.

Once heavily dependent on imported water, Singapore is today on the path to water self-sufficiency, and has turned this area of vulnerability into a strength and source of economic advantage. Its example shows how long-standing commitment and vision at the highest levels of government can direct public sector organisations to collaborate in an integrated way to achieve success.

⭐ Learning – Long-term approach to sufficiency is achievable given the correct vision.

Manchester Digital Strategy
Distributed and multiple Leadership

In Manchester, the Digital Strategy relies on multiple leaders and orchestrators. First, it has been strongly supported by the leader of the political cabinet and the Council’s Chief Executive. Second, the Digital Strategy is currently spearheaded by a newly appointed Assistant Chief Executive for ‘ICT and Communications’, giving it the status of a true ‘IT Master Plan’. Third, and most importantly, the Digital Strategy is coordinated and led on a daily basis by MDDA – Manchester Digital Development Agency – whose head has been involved in the development of IT strategies in Manchester since the early beginning in the late 1980s. His role has been essential to assure stability, while simultaneously allowing for smooth transitions and for new variety to permeate the Digital Agenda over time. Moreover, his role is pivotal as a boundary spanner who can connect, bring together and understand the ‘languages’ of different ‘worlds’ (public administration, universities, companies, community groups, IT activists, among others).

Organisations will need to identify what leadership approach works for different objectives and must be prepared to put achieving the outcomes above those of ownerships and control.

★ Learning – Leaders from different disciplines can bring different skills to solve complex problems?

2. Developing internal capabilities for the longer-term

A key attribute of the local government of the future is one that clearly understands and deploys the skills and capabilities required to deliver its longer-term strategy and objectives. Building internal capabilities to ensure that there is both space and incentives to encourage staff to think in the long-term will be critical. The local government of the future must create space for employees to be, innovative, agile, collaborative, and even fail.

Leading organisations must have a clear strategy in place for developing the right capabilities within their staff. One size does not fit all. However key decision makers must set a framework of core competencies for their staff which has at its core an understanding of the impacts that key decisions and behaviours have on sustainable longer-term outcomes. However, developing internal capabilities should not be the only way that local government can address these issues. A Capabilities strategy of the future must be agile and flexible to enable management to access the right skills at the right time from a mixed portfolio of sources. Where there are deep specialisms and technical capabilities or Councils do not have the capacity to deliver the change then accessing these skills from elsewhere should be considered.

When leaders are considering the necessary capacity in the area of encouraging better long-term decision making there must be a focus on the development of core skills such as:

1. planning for the future generations using future trends
2. identifying and assessing current and future risk in its broadest sense
3. assessing and balancing perceptions of risk from different perspectives – environmental, social and economic
4. working collaboratively across organisational boundaries
5. self-awareness
6. engaging and involve stakeholders/citizens to help shape policy and direction
7. being honest about systemic failure
8. thinking creatively and critically
9. being innovative and inspiring change
10. problem solving using scenarios
11. developing integrated solutions.

On the following pages is a list of some of the key attributes that would demonstrate that the above core skills were being exhibited.

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Exercise 4 – Core skills for the long-term

Why not use this list with your management team to identify examples of where you have seen good and bad practice within your council and then to identify your relative maturity and which areas should be improved?
<table>
<thead>
<tr>
<th>Examples of typical skills</th>
<th>Evidence of this attribute in systematic use across the organisation Y/N</th>
<th>Some Evidence of this attribute but not organisation wide Y/N</th>
<th>Limited evidence of this attribute in use Y/N</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Innovation and Inspiring change</strong></td>
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<tr>
<td>Understands the difference between creativity and innovation, creativity being focused on new idea generation and innovation on the value it creates for an organisation, customer, or stakeholder.</td>
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<tr>
<td>Is clear about what they want the application of innovation to achieve.</td>
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<tr>
<td>Can clearly articulate what radical, transformative change would deliver in their area of interest, taking into account the challenges of the future.</td>
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<tr>
<td>Understands and protects individuals and teams from the specific issues that can prevent them from innovating.</td>
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<tr>
<td>Questions authority, especially the authority of their own longstanding beliefs.</td>
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<tr>
<td>Makes new mistakes and shares their learning with others.</td>
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<tr>
<td>Notices, nurtures and rewards innovation efforts within their own organisation.</td>
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<tr>
<td><strong>Self-awareness and appropriate knowledge</strong></td>
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<tr>
<td>Understands that their views and thinking need to be updated constantly.</td>
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<tr>
<td>Appreciates that they need to know enough today to tackle tomorrow’s and future challenges.</td>
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<tr>
<td>Prefers to be prepared and ready now rather than playing catch up tomorrow.</td>
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<tr>
<td>Keeps themselves informed of changes in the wider context through the use of a range of media and events.</td>
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<tr>
<td>Can explain the impact of mental models in the ways that their own and others’ views are formed.</td>
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<tr>
<td>Is familiar and confident with the broad concepts of systems thinking.</td>
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<tr>
<td><strong>Business thinking</strong></td>
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<tr>
<td>Embraces and celebrates failure, recognising that 50-70% of all new product innovations fail at even the most successful companies.</td>
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<tr>
<td>Thinks long-term about returns on investment, not just supporting returns over 3-5 years and applies whole life costing to decisions.</td>
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<tr>
<td>Creates a portfolio of opportunities to build sustainable communities that include: short-term and long-term, incremental, and discontinuous; recognising that, like an investment portfolio, balance is critical.</td>
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<tr>
<td>Is aware of examples of transformation and innovation in organisations from completely different sectors to their own.</td>
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<tr>
<td>Understands the fundamental operating models of industries and sectors other than their own, and is able to explain how their opportunities and challenges create sustainable value.</td>
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<tr>
<td><strong>Long-term future generational thinking</strong></td>
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<tr>
<td>Looks beyond the short-term political cycle.</td>
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<tr>
<td>Makes financial and organisational plans for long-term objectives such as climate change as stepped, linked phases rather than a disconnected series of short-term interventions.</td>
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<tr>
<td>Is aware of future generations and plans accordingly.</td>
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<tr>
<td>Can articulate scenarios relating to their work that are measured in decades and generations, as well as in months and years.</td>
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<tr>
<td>Understands the importance of using current indicators relating to sustainability to inform future views, risks and choices.</td>
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<tr>
<td>Is familiar with and able to help others make the connection between climate, resource, biodiversity, energy and demographic trends and long-term thinking.</td>
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</tbody>
</table>
**Examples of typical skills**

<table>
<thead>
<tr>
<th>Evidence of this attribute in systematic use across the organisation Y/N</th>
<th>Some Evidence of this attribute but not organisation wide Y/N</th>
<th>Limited evidence of this attribute in use Y/N</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Effective communication/influence internal and external</strong></td>
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<tr>
<td>Communicates with confidence on sustainable development and climate change, making their message relevant to different policy and operational areas, challenges and audiences.</td>
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<tr>
<td>Takes time to plan effective communication – considering their audience, channels, timing, objectives and indicators of success.</td>
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<tr>
<td>Clearly and compellingly communicates how sustainability and innovation can help drive the Council’s and/or Directorate’s strategy.</td>
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<tr>
<td>Effectively uses social and other new media to communicate to a broad demographic.</td>
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<tr>
<td>Negotiates and influences consistently with impact at the highest levels of organisations, presenting a balanced professional view and appropriate information.</td>
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<tr>
<td>Demonstrates leadership with others by articulating the Council’s and their own point of view, and anticipates the implications this has on others.</td>
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<tr>
<td>Has the cultural competence to communicate effectively with others from different backgrounds, values and sectors.</td>
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<tr>
<td>Keeps communicating, recognising the importance of delivering a message multiple times.</td>
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<tr>
<td><strong>Working collaboratively</strong></td>
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<tr>
<td>Understands where internal and external relationships could lead to optimum benefits for the Council and wider community.</td>
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<tr>
<td>Consults appropriately when considering Council and community-wide challenges, risks, opportunities, priorities and solutions.</td>
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<tr>
<td>Is proactive about bringing the right partners to the table to solve shared challenges, thinking beyond the ‘usual suspects’ and involving businesses, public sector and civil society, as appropriate.</td>
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<tr>
<td>Can clearly define the differences and connections between coordination and collaboration, and of the relative merits of competition and collaboration.</td>
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<tr>
<td>Sees beyond silos and job titles to find new opportunities.</td>
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<tr>
<td>Manages a variety of viewpoints to build consensus and to create positive outcomes.</td>
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<tr>
<td>Generates a strategic vision, establishes direction and motivates people to focus efforts and builds commitment towards achieving the Council’s and shared goals.</td>
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<tr>
<td>Encourages the use and sharing of existing knowledge.</td>
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<tr>
<td>Respects and is interested in the views of others and actively learns from them.</td>
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</table>
### Examples of typical skills

<table>
<thead>
<tr>
<th>Evidence of this attribute in systematic use across the organisation Y/N</th>
<th>Some Evidence of this attribute but not organisation wide Y/N</th>
<th>Limited evidence of this attribute in use Y/N</th>
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</thead>
<tbody>
<tr>
<td><strong>Thinking creatively and critically in Decision-making</strong></td>
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<tr>
<td>Takes current and future sustainability and business contexts into account to make effective decisions.</td>
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<tr>
<td>Makes decisions economically and appropriately to the size of problem, balancing the time and resources consumed by the decision making process relative to the size and importance of the decision.</td>
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<tr>
<td>Thinks through alternatives, including relative risks, opportunities, consequences and feasibility, before arriving at a decision.</td>
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<tr>
<td>Can describe how they make decisions, taking information and options into account.</td>
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<tr>
<td>Uses appropriate processes for strategically important decisions.</td>
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<tr>
<td>Operates within a positive decision-making environment, which permits and facilitates innovative, long-term and holistic thinking.</td>
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<tr>
<td>Takes personal responsibility for collective leadership decisions.</td>
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<tr>
<td><strong>A balanced understanding and use of risk</strong></td>
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<tr>
<td>Has an understanding of the collective risk appetite and literacy for the organisation.</td>
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<tr>
<td>Knows how to relate risks to evidence and information rich decisions, recognising the difference of risk impacts in different areas.</td>
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<tr>
<td>Has a clear understanding of the boundaries between conscious risk taking and legal requirements</td>
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<tr>
<td>Understands that every risk has a downside as well as an upside, and is able to balance decisions based on this.</td>
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<tr>
<td>Ensures that risk assessments and their decision process are rounded and inclusive, including longer-term implications as well as finance and legal considerations.</td>
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<tr>
<td>Appreciates that appropriate risk-taking promotes competitive advantage and stimulates innovation and creativity.</td>
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<tr>
<td>Understands that doing nothing in a changing world is the biggest risk of all, and that it will be impossible to meet the longer-term challenges without taking calculated risks.</td>
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</table>

*Source: WLGA 2013-14 SD leadership Programme Training Module*
Effective leadership will be critical if organisations are to respond effectively to the very real current and future intergenerational challenges such as climate change, health inequality, poverty and austerity. To support Local Authorities as they continue to seek new ways of addressing these issues, the WLGA, in conjunction with a number of consultants, developed and piloted a Sustainable Development Leadership training tool.

- The SD leadership training was co-designed with the WLGA SDF consultants and Swansea Council.
- The training’s target audience is Senior Management and Members; however the tools and techniques would be equally applicable to others.
- The training is a blend of practical exercises, knowledge sharing and learning from others.
- The training was delivered in two half-day sessions over an elapsed period of four to six months, with an active learning session between to ensure momentum was maintained. Over 90% of the Council’s Senior Members and Executive took part in the training.

A key feature of the training was learning from other practitioners and involved presentations and workshops from former Ministers, current Chief Executives, and Leaders of other public sector organisations.

For further details of this training and links to the training materials and tools please use the following link:

⭐ Learning – having a focused practical joint learning programme for both Members and officers exclusively focused on SD can result in a step change in understanding an appreciation of the value of using SD principles to support longer-term decision making.
3. Connectedness

Fundamentally redefining the purpose and role of local government requires a shift in focus to viewing local public services in a more holistic way, considering how multiple organisations, and citizens themselves, can contribute to securing desired outcomes for the longer-term and for both current and future generations. Whilst many councils already do this to some degree it is clear that there are very few examples of where these types of holistic and connected approaches will be have been designed specifically to address longer-term outcomes and address the intergenerational challenges.

Local government is well placed to enable this shift on the ground, co-ordinating action across a range of organisations and a number of different sectors. The duty of well-being placed on Councils via the Local Government measure places local authorities at centre of dealing with the challenges set out earlier in this paper. However, it is evident that councils will increasingly achieve impact through influence, alliance and collaboration rather than through the direct delivery of services.

In the context of scarce resources, new long-term strategic choices need to be made to prioritise those interventions that have the greatest impact on outcomes. A discussion about making new strategic choices needs to address the following points:

- Higher levels of clarity are required around both the short-term and longer-term ambitions and priorities for key stakeholders across a place, with local government playing a pivotal leadership role.
- Councils need to re-evaluate the base costs of their statutory functions and prioritise remaining scarce resources in alignment with the shared outcomes they want to achieve for future generations.
- Councils are likely to become the provider of last, or later, resort rather than the first call, keeping their focus on safeguarding the most vulnerable, but increasingly facilitating and enabling citizens to actively achieve outcomes for themselves by building in community resilience through preventative action.
- The challenge is to evaluate and question existing approaches, identify what needs to change to deliver the longer-term outcomes, and then innovate to secure outcomes by applying different approaches rather than focusing on traditional service delivery.

This will involve ‘letting go’ of some traditionally council-led agendas, particularly service delivery models, to allow space for others to come forward. Elected members have a key role in making this a success. However, the nature of the future challenges will require community leadership to manage change, cope with risks and build on the opportunities.

The desire for transparency by citizens has the potential to provide both opportunities and challenges for leadership. However there will be an increasing need for multi-generational views for multi-generational issues. Gathering these views/issues of both current and future generations through variety of communications will ensure that there is a much better connection between evidence, issues and decisions. Consultation and devolved/engaged decision making will be made much easier and accessible for councils and elected members. The voice of the citizen or customer has the potential to be much louder than it perhaps is now. This has the potential to be a tremendous benefit to councils but it will be to their detriment if they will not or cannot engage effectively in the digital world to facilitate this connectivity.
Sustainable Swansea
Consulting the citizen about constraints, priorities and future impacts on services

Sustainable Swansea – fit for the future was a time-specific activity to raise awareness and generate engagement and feedback on the Council’s 2014-2017 budget principles and proposals for the financial year 2014/15. The process influenced the 2014/15 Budget and will influence the ‘continuing the conversation’ process over the next two years. This process was designed to be honest about the Council’s constraints and seek views about its suggested priorities and their future impact.

The key objective was to engage with key partners to gain their understanding and support for the Budget Principles which have a clear collaborative element to them. A key strand of Sustainable Swansea will be to develop collaborative working with the third sector and other partners so that they do some of the work which is currently done by the Council.

Sustainable Swansea provided numerous evidence-gathering opportunities to support the Council in shaping its response to the 2014-2017 budget challenges. Views were gathered on the Budget Principles and on specific budget savings proposals. These views were taken into account in the Council’s final Budget report and resulted in a number of changes and revisions. It is anticipated this evidence will inform objective-setting and actions in future years.

Learning – Focusing on long-term sustainability as part of budgetary consultation with citizens is achievable
Dublin's Dublinked

The idea to develop an open data initiative in Dublin (Dublinked) dates from 2009, when the city heavily felt the impacts of the 2008 financial crisis. Beyond transparency, Dublinked was conceived to create new local business and innovation opportunities and to attract new transnational companies interested in urban technology.

It combines a number of features: the release of data from the City Council and other service providers in the region along with manifold community building and network enhancing initiatives (e.g. data visualisation events, data workshops and app contests). Beyond ‘easy’ data sets, Dublinked is testing the release of large, real-time flows data (e.g. traffic and water flows) and associated business models. So far, among the development of multifarious applications for smart phones, new communities of IT innovator have emerged and the City Council has developed better standardisation routines and data releasing procedures.

Dublinked is managed by a partnership between four City Councils in Dublin’s region, a university (National University of Ireland Maynooth) and it is closely supported by a major technology provider which has recently opened a zoo jobs ‘smart city R&D centre’ in Dublin. This organisation model for Dublinked has ensured wide and equitable access to the data, the agility to carry out the initiative through the administration's bureaucracy and the presence of political checks-and-balances for the initiative.

★ Learning – Effective data sharing provides an opportunity for collaboration on long-term resilience

4. Understanding long-term financial impacts and effectively managing costs to deliver resilient services

There currently exists a lack of confidence in the capacity of the financial sector to factor climate, energy and resource risks and opportunities into mainstream decision making, to deploy capital towards long-term productive assets and to manage this process in a transparent and accountable way. A number of barriers to progress exist - from lack of awareness of emerging trends, risks and opportunities, to regulatory and market barriers. However, institutions across the sector are increasingly coming under pressure from regulators and other stakeholders to take action to address sustainability risks and ensure a holistic and comprehensive view of the future is well represented in financial decision making.

Whilst there are some institutional changes in the financial decision making for the future, we recognise that there are still many challenges in using a longer-term lens for financial decision making. Whilst there is a recognised imperative to drive down costs and improve efficiencies across the public sector, there is also a risk that a focus on short-term cost reduction, without due consideration of the longer-term sustainability of these decisions, may result in significant additional costs as organisations need to adapt to new requirements and regulations.

Understanding an organisation’s cost base and looking at ways in which these can be minimised whilst still maintaining or enhancing service quality will play a pivotal part in this new agenda. The rationale here is to develop an approach that leaves a legacy which ensures that services are sustainable for the future.

Delivering long-term cost savings through a resilient and streamlined operating model

If local government services are to be fit for future generations then it is imperative that the current operating model is robust enough to ensure that it answers the challenges of the current austerity context and is effective to deliver the council’s long-term outcomes. It may be easy to assume that you have done all there is to do in reducing operating model costs, but all organisations continue to have scope to do more. Continuing to focus on operating model excellence is important on two counts. Firstly, all organisations should continue to strive to reduce costs and increase efficiency as the capability to support such changes continually develops around them. Secondly, ‘smarter interventions’ and ‘smarter choices’ need ‘smarter working’ through highly efficient operating models to help them achieve the desired benefits. This however, can only be achieved if organisations have good long-term financial data on which to base any decisions and equally if decision makers put an appropriate value on future generations.

All organisations need the right people capabilities, organised in the right way, doing the right processes, supported by the right information and technology if they are to achieve their more ambitious goals. The operating model of any organisation is necessarily complex in form and relationships. The extent to which organisations can control and reduce this complexity is key to their success. Most authorities still have significant opportunities to derive more value from existing operational arrangements. Operational efficiency can include the digitalisation of services, using a single customer ‘front door’ and putting commercial pressure on suppliers to reduce costs. These techniques are not new but they are rarely implemented to their full potential in any given situation.

Alongside achieving efficiencies it is possible to build more agility into operating models, making organisations more responsive to change. This often includes having fewer ‘fixed’ points in the organisation, for example using matrix management, ‘cloud’ IT and managed service contracts. The potential to simplify, standardise and share operations persists across most large organisations including local councils.
The business case for longer-term financial planning

Investment decisions, both capital and revenue, need to take these rising costs into account. Whole-life costing of projects must include waste, energy and carbon to present an accurate picture of the benefits and costs of an investment. The WLGA Sustainable Development Framework has a resource sheet on whole-life costing (WLC) and life cycle analysis (LCA), which cover these important considerations in detail http://www.wlga.gov.uk/english/archive-of-reports9/whole-lifecosting-life-cycle-analysis/

These considerations have a direct impact on the importance of accounting for sustainability. As sustainability costs become increasingly material to organisations and the investment decisions that they make, a robust accounting of their financial and non-financial impacts rises in importance. This not only ensures transparency but gives authorities the tools to manage and reduce these costs. If investment decisions in the current efficiency environment do not take into account key climate change and sustainability considerations, there is a risk of implementing cost reductions that are not durable in the medium to longer-term. Efficiency measures alone might bring cost reductions at first, but they will not be sustained in the medium to longer-term, as illustrated in the diagram below. Acting now will enable public bodies to avoid further adaptation to new requirements and regulations (and new costs) that will be required in two or three years’ time if longer-term evidence and a broader set of long-term impacts criteria are not embedded in any efficiency measures.

The Chattanooga case study on the opposite page is a great example of where a financial decision looked beyond the traditional financial metrics to a broader set of benefits.

Illustration of escalating cost due to current decision making without using sustainable development principles

Source: Accounting for Sustainability – WLGA/PwC - 2012
Chattanooga

Energy Resilience with up-front cost benefits

Located in the Tennessee River Valley, Chattanooga is a city which has faced repeated economic adversity, and each time has found a way to reinvent itself through the clever use of its natural assets, infrastructure and smart technology.

The 2009 Recovery Act was passed in response to the global economic recession, making funds available to help US cities revitalise their economies. Only the most well prepared plans with clear economic reward were to benefit to ensure effective deployment of the funds.

Chattanooga had already established the need to reinvigorate the economy and plans to move the city forward were predicated on the need to attract new business and to provide those businesses with the tools they required to thrive in times of economic downturn. The city decided to provide its community with the latest technology enabled fibre optic smart grid energy network, providing more secure, more affordable, and more efficient power supply to homes and businesses throughout the city. The first phase of the network came online in 2009.

By providing this solution to the city, quality of life is enhanced for residents and businesses, but the extent of new found interest for inward investment in the city has seen Chattanooga once again reverse the trend towards economic decline into one of potential sustained prosperity. As a result of the infrastructure, the automotive industry has invested in the city creating 2000 direct jobs, and online retail distribution centres are also investing along with start-up tech oriented businesses. Over 20 large industries have signed up to ‘time-of-use’ tariffs which will save those businesses collectively $2.3 million a year. Where public money may once have been spent on power grid maintenance, the city can now take this money together with increased local business tax and invest this in neighbourhoods and their communities. This has allowed the Mayor to concentrate more effort on city construction projects in conjunction with local citizens, which has resulted in a resurgence of community pride with neighbours coming together to fight blight and crime.

Having the vision and driving change through city leadership, is critical to establishing long-term success. Chattanooga has recognised that by providing its city with the latest energy network technology it has future-proofed itself from single sector vulnerability. Businesses recognise the need for secure energy to survive in global business. Chattanooga has responded through this insightful strategy, truly giving power back to its people.

Learning – Ambitious, large scale infrastructural resilience projects can be delivered to achieve multiple economic, social and reputational benefits.

Source: Investor Ready Cities – Siemens, PwC, Brewin Leighton Paisner - 2013
Finding more cost effective ways of delivering long-term outcomes?

The approach to designing organisations so that they are more effective has evolved significantly across many sectors, including local government. These changes not only reflect a desire to reduce costs but to do so in a way that also means they can:

- get closer to customers/citizens to improve insight/foresight and improve satisfaction, service interventions and choices
- release capacity to help to improve productivity and contact time and/or professionalise service delivery
- enable the use of increasingly sophisticated technology to share data and intelligence.

These changes often reflect a move in managerial focus from structures to processes to outcomes (see diagram below). Typically councils can achieve benefits of up to 10% from changing structures – and if they include processes they can achieve 30%. A further shift to focussing on outcomes could underpin benefits of up to 50%.

A focus on the longer-term outcomes through innovative delivery models such as community ownership or citizen led self-service will, in addition to delivering higher cost reduction, also be necessary for any new service models to address the longer-term challenges. Blaenau Gwent is an example of one Welsh local authority which is beginning to explore how it can extend its financial planning horizons using this new focus.

Examples of typical efficiency saving through focusing on different aspects of a Local authority

<table>
<thead>
<tr>
<th>Traditional direct provision</th>
<th>Leading edge commissioning</th>
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<tbody>
<tr>
<td><strong>Lower complexity of change</strong></td>
<td><strong>Higher potential benefits</strong></td>
</tr>
<tr>
<td>We have seen that as councils have developed their operations they have increased their ability to be more economic, efficient and effective by changing their focus from structures, to processes and on to outcomes in stages.</td>
<td><strong>30-50%</strong></td>
</tr>
</tbody>
</table>
| It is essential that organisations reach a maturity in that operations at each stage before moving to the next. This critically underpins the ability to share data and build alignment simplified and standardised operations. Information and processes are a precondition for operating effectively around outcomes. | **Operating around outcomes**
| Operating around process | Securing the outcomes the organisation exists for, regardless of type of service delivery – doing things differently |
| Operating around structures | Moving beyond organisational boundaries – For example, creating shared service centres, or outsourcing |
| Operating focus – on organisational structures and spans of control and the manager of capacity and resources | Operating focus – providing value to customers by aligning activities and processes |
| Organisation-centric – For example, creating structures and posts to address particular challenges | 10-30% |
| 5-10% |

Source: The Agile Council - PwC – 2013
Blaenau Gwent CBC
Extending Financial Planning Horizons

The council have been working with PwC to extend their financial planning horizons through building resilience into future costs by engaging in activities which seek to:

- acquire a deeper understanding of the nature of demand for services and how it may change over time and then plan to respond to those changes as they arise - currently LG tends to be under prepared for these changes in demand
- adopt full cost recovery models for services (where appropriate) - which mean that changes in demand (that may be difficult to predict) should be easier to manage e.g. higher demand - at least has the benefit of more funding available to deliver against that demand
- spread the risk of uncertain futures by building flexibility into contracts and partnership arrangements
- plan with contingency around costs and being “ahead of the cuts” - LG should know where the next set of savings would come from, and the next set in a prioritised way - just as they should know if and where they would spend more as funding increases
- maximise the financial and/or non-financial contributions that the broader economy and community can make to the things that local government does now.

Learning – Long-term financial planning is achievable.

Source: PwC 2014
5. Effective controls, fit for the longer-term

Ensuring that there are effective controls in place to manage risk and performance is critical to managing the behaviours that drive improvement and performance within an organisation. Effective governance frameworks complemented by robust management information systems are fundamental. The provision of accurate and timely data to inform decision making are key aspects to the control environment for the future and are a critical part of the solution to addressing how local government can effectively respond to its long-term challenges.

Local government will still need to have an internal focus on the traditional key process areas such as:

- risk and control
- governance and compliance
- cost controls
- communications and citizen communications.

However the progressive and proactive council will build on these internal areas and go beyond the boundary to embrace the new business environment of:

- managing and acknowledging longer-term risk and trends and how these can be managed differently
- focusing on identifying the opportunities that taking a longer-term perspective presents
- innovating and prototyping, failing and learning with solutions
- better and more transparent engagement with stakeholders using better long-term evidence and a more inclusive decision making
- collaboration with partners through Co-venturing, Co-design and Co-creation, the era of splendid isolationism and empire building has no place in the solutions of the future.

For many within the local government this change from a traditional model of control and management to a more collaborative, transparent and agile approach is uncomfortable. However, there are many examples across the public sector that the new operating model delivers sustainable long-term outcomes.

A focus on scrutiny and oversight – fit for the future

One aspect of governance which will be important in driving improvement within the public sector will be the changing role of Scrutiny and Oversight. Some of the key findings within the Commission on Public Service Governance and Delivery Report - Jan 2014 highlighted “The link between governance, accountability and performance is in our view critical. Governance is not just a set of dry or bureaucratic processes; it is the means by which organisations identify and act on the need for change in what they do and how they deliver it.”

The Williams’ commission report highlighted a need for the public sector to develop a culture that seeks out, welcomes and responds to scrutiny which should be:

- forward looking, pre-decision and policy focused
- robust & challenging
- co-opting professional expertise
- developing a coherent evidence base
- ‘citizen-centred’
- focused on collaborative and inclusive scrutiny through the LSBs.

Whilst not in direct response to this the Welsh National Scrutiny Officers Network has recently drawn together a summary of what good scrutiny should look like. It has identified three key attributes:

- Democratic accountability that drives improvement in public services. – “Better outcomes”.
- Democratic decision making that is accountable, inclusive and robust. – “Better decisions”.
- The public is engaged in democratic debate about the current and future delivery of public services. – “Better engagement”.

There are many examples of notable practice in effective oversight and scrutiny which demonstrate the real value of developing this aspect of control within an organisation. The Centre for Public Scrutiny have an annual awards – the 2012 Successful Scrutiny Awards – where they highlight effective progressive oversight and scrutiny.

Another informative local example cited by the CfPS was the work undertaken by Project Gwyrrdd.

Project Gwyrrdd
Effective collaborative scrutiny
This project focuses on addressing the combined municipal waste of the five south Wales authorities which makes up 40% of the total municipal waste of Wales. Project Gwyrrdd is committed to looking for the best environmental, cost effective and practical solution for waste after recycling and composting has been maximised in each area.

The contract will save the partner authorities £11m in the first year of operation and £500m over the lifetime of the contract compared to current arrangements.

★★ Learning – Ensuring that scrutiny is valued by ensuring cross stakeholder representation, strong leadership and a recognition of when to use specialists to support the challenge function.

Project Gwyrrdd
A partnership for sustainable waste management
Critical success factors:

- high risk, emotive, high cost, specialist = ingredients for joint collaboration
- cross party representation and consistency in scrutiny leadership
- robust (included objectors perspectives) and independent evidenced based challenge and review— (call for evidence — unique mechanism)
- scrutiny eventually seen by the project as distinct from the project and able to add value
- investment in time to understand the complexities of the issues — officer/specialists time - site visits to understand practical context.

Lessons learned:

- make scrutiny a priority in project initiation — start early
- ensure the scrutiny function is sufficiently resourced
- better preparation for the offices and Members in dealing with social media and attention.

Source: WLGA SDF 2013-14 – Members Scrutiny Training Workshop

If Welsh local government are to deliver the intergenerational challenges highlighted throughout this report then embracing the types of control framework, such as those around effective scrutiny and oversight will be critical.

“An expert is someone who has succeeded in making decisions and judgements simpler through knowing what to pay attention to and what to ignore”

Edward de Bono – lateral thinker
This document has continued the debate about the long-term and future generations in local government in Wales, and provided some guidance on how authorities can shift their focus from short to longer time horizons. It has illustrated why the long-term is intimately connected with the current concerns of authorities and that future generations need to be at the heart of ongoing discussions about local governance in Wales.

The case studies show that addressing long-term resilience can be achievable and meaningful in the local context. The document has offered various models and exercises which can be used by authorities to reflect on their own current organisational approach to the ‘future’ and explore how their organisation can change to address this agenda.

What advice do the authors have about what your organisation should do to better focus on mid-century and Generation 2050?

The following sections provide a ‘long-term’ prescription for your organisation and will provide you with an idea of the ‘what next’?

These issues highlighted below are those that the authors would use to scrutinise how effectively your organisation is focusing on future generations. These can be viewed as personal and ‘peer group’ challenge to local government leaders across Wales.

How well do you think your own authority and partners might fare if the authority were held accountable on the following issues in 2020?

<table>
<thead>
<tr>
<th>Key areas of focus to demonstrate readiness for generation 2050</th>
<th>Where are we now?</th>
<th>What do we need to do improve?</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Strategic focus on mid-century</strong></td>
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<tr>
<td>Set out a clear and long-term strategy for the local authority area to mid-century.</td>
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<tr>
<td>Make this strategy citizen and community focused, explaining to stakeholders how the functions of the authority contribute to long-term sustainability.</td>
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<tr>
<td>Develop strategy that builds assets for society by managing the ‘capitals’ of the area for long-term prosperity: social; environmental; economic; cultural; intellectual; infrastructural; political.</td>
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<tr>
<td>Create a clear timeline between now and mid-century and backcast to consider what needs to achieved by 2020-2030-2040-2050 to ensure the well-being of future generations.</td>
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<tr>
<td>Work with partners and stakeholders to understand and progress their roles in delivering the long-term strategy.</td>
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<tr>
<td>Seek out and connect across sectors, borders and organisations, with partnerships which are firmly allied to the long-term strategy for the area.</td>
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<tr>
<td>Key areas of focus to demonstrate readiness for generation 2050</td>
<td>Where are we now?</td>
<td>What do we need to do improve?</td>
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<td>---------------------------------------------------------------</td>
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<tr>
<td><strong>An evolving organisation</strong></td>
<td>Consider how your organisation will need to change to focus on future citizen realities. What is the current role of the future citizen in your organisation? Is your organisation static and ‘fixed in time’? Does it have long-term or short sighted strategies?</td>
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<td></td>
<td>Develop an agile workforce to address these questions, able to work across silos and think long-term, while balancing short-term and long-term needs.</td>
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<td></td>
<td>Create a culture which encourages innovative ideas to tackle long-term issues and an organisation which implements and replicates innovation.</td>
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<td></td>
<td>Build the internal management capabilities needed to focus on the long-term, from implementation planning to managing finances.</td>
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<td></td>
<td>Prioritise the organisation’s projects, performance, risks, partnerships assets and human capital to focus on long-term outcomes as well as short-term political priorities. Distinguish between long-term outputs, outcomes and impact.</td>
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<td></td>
<td>Ensure Financial Planning horizons are extended beyond the medium to the longer-term and ensure financial decision making considers whole life costs.</td>
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<td></td>
<td>Establish organisational and political processes which address the needs of future generations and challenge the ‘norm’ of short-termism – project management, policy development, scrutiny, Cabinet/Executive decision making. Make appraisal systems meaningful.</td>
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<td></td>
<td>Develop the organisation’s priorities and channel its scarce resources to deliver ‘good growth’ for its citizens based on the long-term.</td>
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<tr>
<td><strong>Addressing future risks and opportunity</strong></td>
<td>Embed future trends as part of risk management, focusing on community based and organisational risks in 10, 20 and 30 years as well as 1, 3, and 5 years.</td>
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<td></td>
<td>Focus on opportunities for the future through economic growth and technological advancement, although beware of both ‘one off’ or ‘small-scale’ solutions to long-term risks which have wide ranging impacts. What is the opportunity cost of not doing anything to address long-term risks?</td>
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<td></td>
<td>What impact do current activities and models have on current and future generations? Has there been a trade-off made between the welfares of current and future generations?</td>
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<td></td>
<td>Be honest about shortcomings of systems which promote short-term solutions and ignore long-term issues. In what critical areas are you capable of or prevented from planning for the long-term based on dependency? Seek to address these weaknesses though networks, professional relationships and politics.</td>
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<td></td>
<td>The evidence base is important to think about future conditions, but lack of data or uncertainty should not be used to procrastinate over thinking long-term</td>
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<td></td>
<td>Consider the most cost effective way to deliver long-term outcomes. How is your approach to meeting the longer-term challenges balanced, is it focused on addressing purely operational efficiencies or fundamentally looking at service redesign to achieve long-term outcomes?</td>
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<tr>
<td></td>
<td>Is your oversight and governance retrospective and focused on your organisation or is it future oriented and collaborative?</td>
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<tr>
<td><strong>Communicating ‘the future’</strong></td>
<td>Use the language of legacy, resilience, responsibility and public service to motivate staff to the focus on longer horizons, through inspirational leadership and a supportive culture</td>
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<tr>
<td></td>
<td>Who are the leaders for future generations in your organisation? Who are they now, and in the future? They need to be engaged and given a clear rationale and remit to embed future generations in the work of the authority.</td>
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<td></td>
<td>Local narratives are very important to make the future ‘proximate’ to those being engaged. Develop them. Use of scenarios to test the here and now and fitness for purpose of current approaches for the long-term can be useful. Scenarios can be used to engage communities and communities of interest.</td>
<td></td>
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<tr>
<td></td>
<td>Report on progress against the long-term strategy to answer a basic question: ‘are we doing enough, soon enough, for future generations?’</td>
<td></td>
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</tbody>
</table>
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