

Digital Futures

Democratising Digital & Data

Future State Operating Model Design Concept V3.0



**Te Arotake i te Anamata
mō Ngā Kaunihera**
Review into the Future for
Local Government



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Background Context

Background

The Interim Report, **Ārewa ake te Kaupapa – Raising the Platform**, outlined early opportunities including “Supporting digital capability and capacity”, and summarised the significant challenges facing Local Government (“LG”) digital teams today.

The Report contained initial thinking on the shifts to improve the status quo and although it looked at “the What”, “the How” had not yet been developed.

This pack seeks to outline an early draft of one approach, a Design Concept with a Digital Operating Model and Roadmaps.



Interim Report Key Shifts

In the Interim Report, a range of shifts were identified to improve how Local Government works for Aotearoa NZ. These have been refined into five key shifts outlined below. These shifts formed the backdrop for the operating model design.

- 1. Strengthened Local Governance**
- 2. Stronger focus on Wellbeing**
- 3. Authentic relationship with Hapū/Iwi/Māori**
- 4. Genuine partnership between Central Government (CG) and Local Government (LG)**
- 5. More Equitable Funding**

Digital Capability & Capacity Key Themes

The Interim Report, **Ārewa ake te Kaupapa – Raising the platform**, identified early opportunities to support digital capability and capacity, including:

- Addressing interoperability and sharing of applications and platforms – both citizen facing and back office to improve effectiveness and efficiency
- Capturing and sharing data at levels beyond current capacities to address climate change needs
- Joined up investment in systems and capabilities for better decision making and to address inequities
- Adopting shared systems approaches at national or sub-national levels
- Matching system changes with appropriate governance mechanisms
- Developing a standard ICT architecture across local government to enable alignment of systems
- Exploring partnership funding models for central government (“CG”) and local government to identify common opportunities and possible co-investment

Assignment Considerations

The Future for Local Government panel engaged CoDigital to undertake an assignment to support the Review in June 2022.

Review Principal Considerations

- The 30-year horizon
- Impacts of service change to support Wellbeing
- The Treaty of Waitangi partnership
- Climate change adaption
- Digital inclusion approaches

Operating Model Considerations

- Alternative options for a future state digital services operating model
- The growing talent shortage for digital and technology
- Existing Local Government digital collaboration efforts
- The political environment, obstacles and constraints within which Local Government operates and the impacts on collaboration
- Consider Resource Management and Three Waters and the impacts on Digital Services
- Elements of the Library operating and delivery model

Investment

- The opportunity to leverage existing investments and intellectual property from across Local Government change and innovation initiatives as building blocks for the future

Central Government

- Strategy for a Digital Public Service
- The Digital Strategy for Aotearoa
- The opportunity to leverage Central Government capabilities to accelerate change

The Digital Marketplace

- Technology market dynamics and how it will both support and derail implementation strategies
- Current digital market procurement activity e.g. a number of Councils initiating significant system replacements over the next 12 months
- Covid-19 impacts on the Digital marketplace

Lessons Learned

- UK Local Government
- Auckland Council
- Health
- Education

Introduction

Pervasiveness of Digital is accelerating, along with citizens' expectations

It's becoming increasingly difficult to determine where people end and digital begins, for example

...our political views are shaped by social media

...our watches monitor our heart rates, and our knowledge of key health indicators shape our behaviours

...artificial intelligence monitors and shares information about our moods through our facial expressions

Operating Model Change Benefits

- Joined up investment in Digital services will provide better services for citizens across Aotearoa
- Quality data and digital services, well governed, will give us the tools to make the best calls on climate change
- Digital inclusiveness strategies will accelerate our commitment to Te Tiriti o Waitangi & enable wider participation in LG
- Moving to component systems will create opportunity for the Aotearoa digital economy and better outcomes for Māori

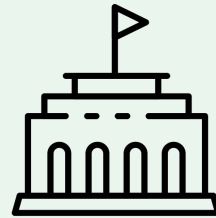
Be Bold

Digital can be a game changer for the community in so many ways, our mahi must be ambitious now for our mokopuna to realise the benefits

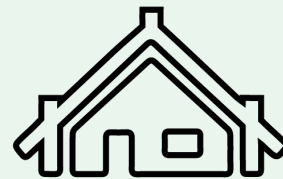
The LG Digital Ecosystem



Local Government



Central Government



Iwi/Hapū/Māori



Partners



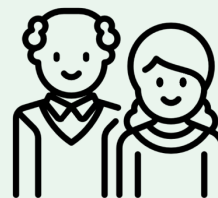
Staff



Whānau



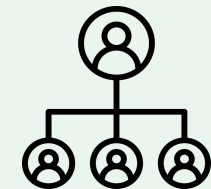
Youth



Seniors



Big Business

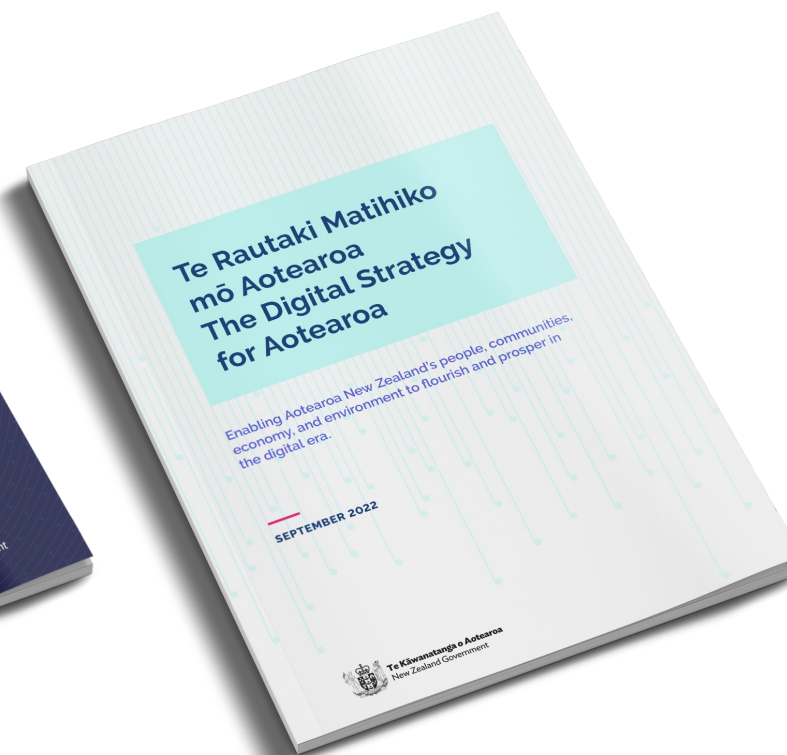


Small Business



Operating Model Design Considerations

Key Inputs to Design Concept



Design Contributing Discussions

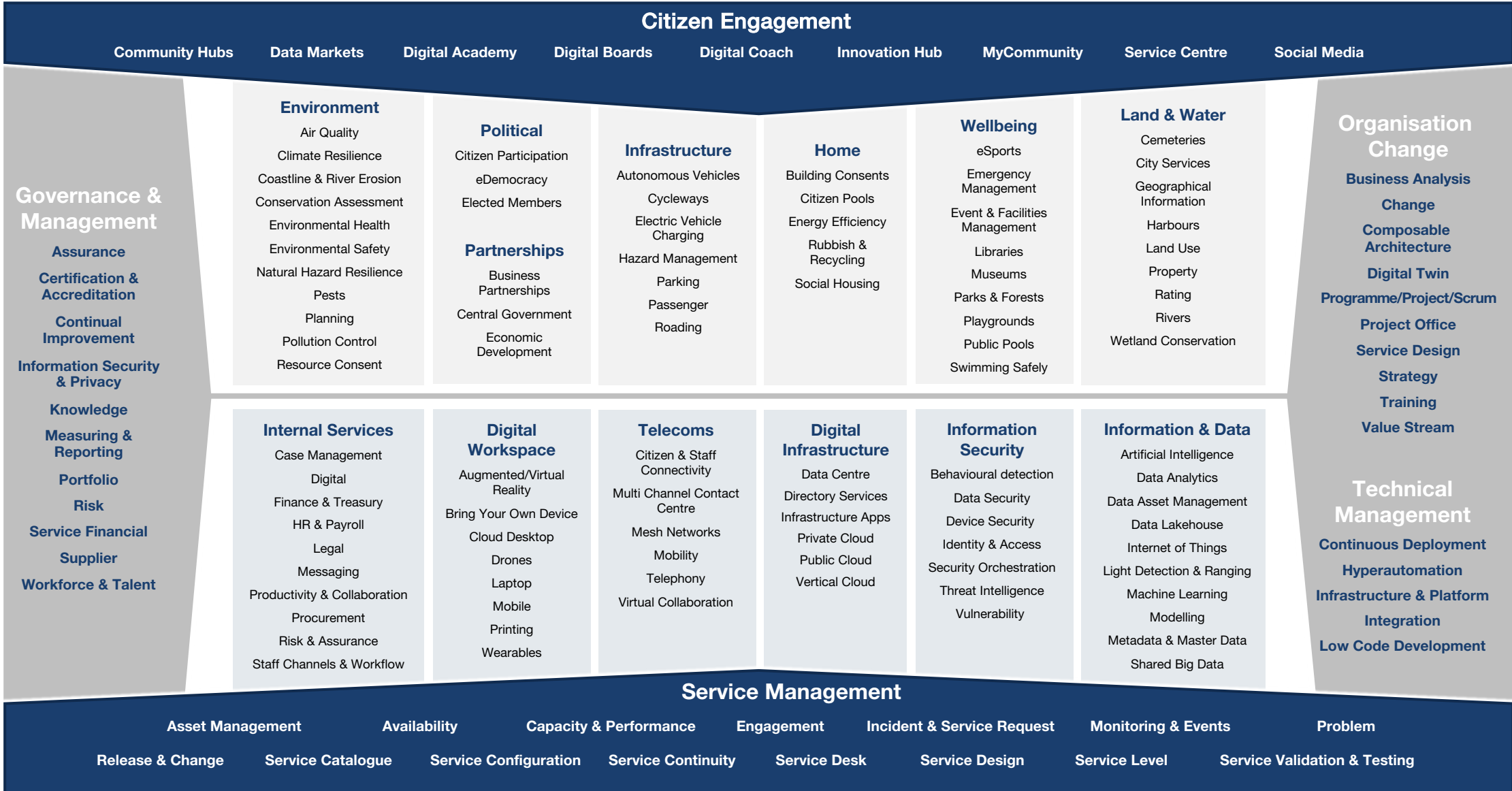


Business Architecture

The business architecture is integrated into the LG ecosystem, all elements must be considered when making digital change



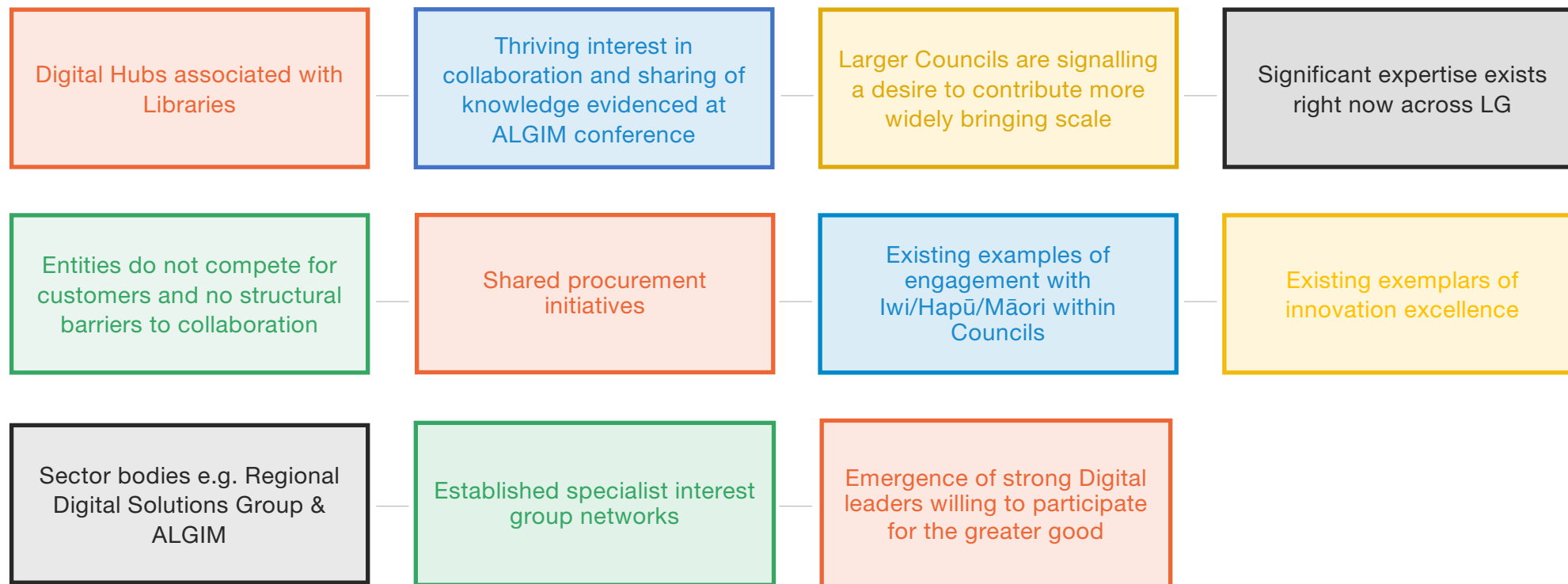
LG Digital Services Forecast 2032



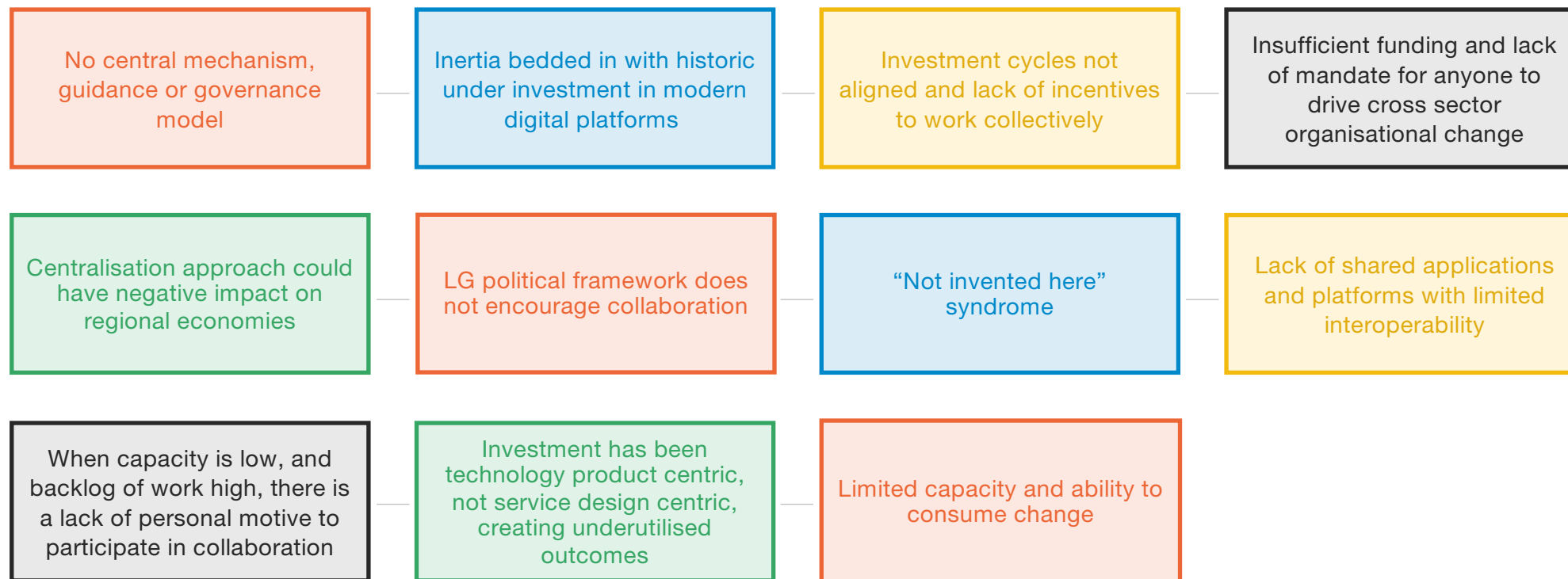
**This is a
“once in a lifetime
opportunity” for
catalytic change
that can have
enduring impacts
for all citizens
across Aotearoa**



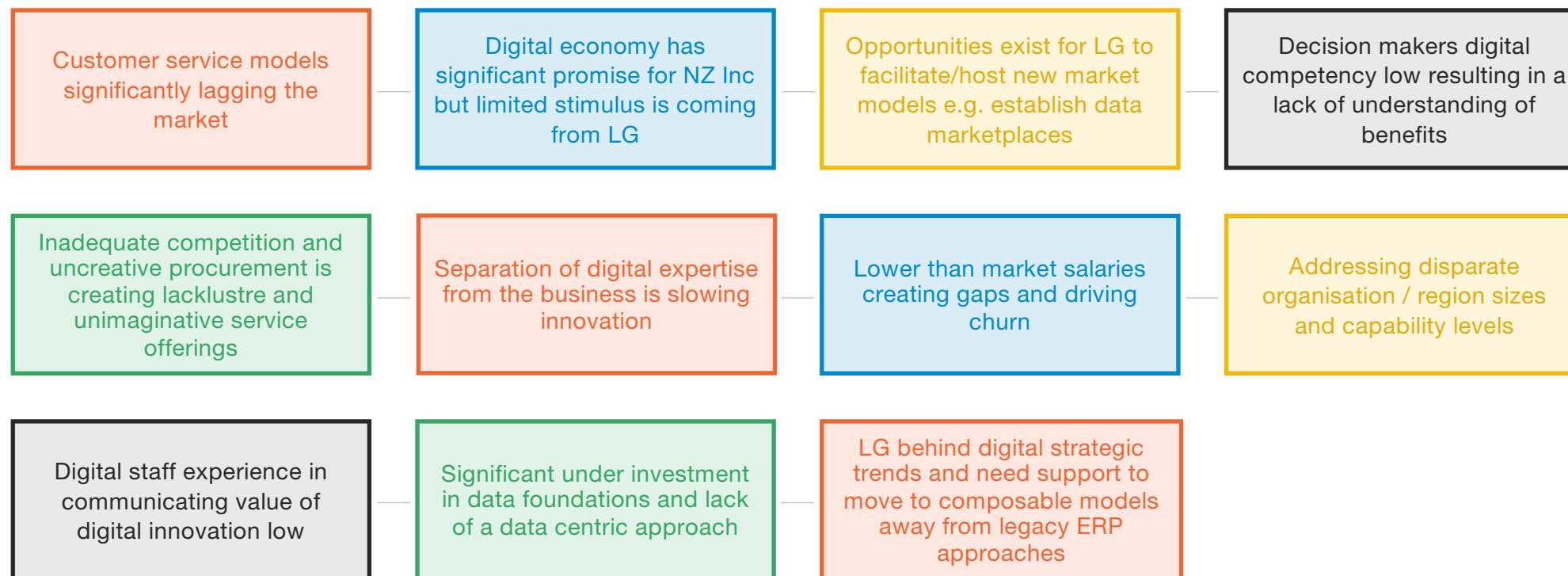
Existing Change Enablers



Change Inhibitors Today



Change Considerations



Digital Talent Status Today





Future State Operating Model Design Concept

Options Explored

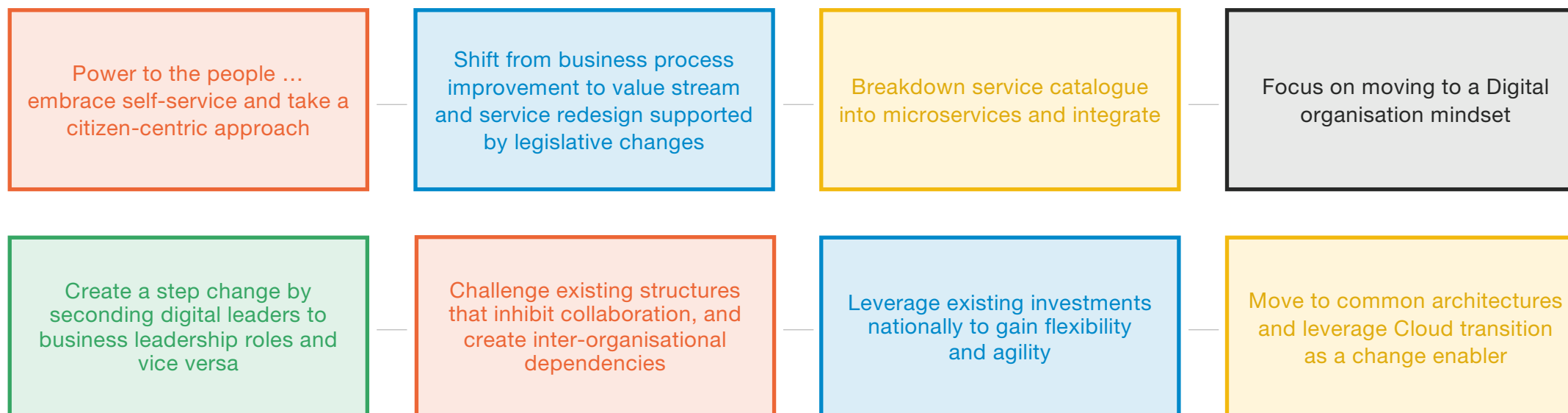
The Design Concept considered a number of potential commercial constructs and approaches including:

- Public / Private Partnerships
- Full outsourcing
- Council Controlled Organisations
- New unit of Department of Internal Affairs
- Staff secondment model
- Regional shared services
- Centres of Excellence
- Legislating co-investment and standardised approaches across LG

None of these options have been ruled out and the roadmap assumes that they would be more deeply considered alongside the development of investment objectives and critical success factors during the development of Business Case.

Digital Transformation Actions

The Design Concept and the Roadmaps were developed after consideration of existing initiatives and options, not as a tested option but as a considered option. Based on a set of Design Principles, it identifies a number of key Transformational actions



Design Principles



Operating Model Foundation

The Catalyst for Transformational Change



Operating Model Foundation

The Design Concept identifies three integrated approaches to drive LG digital futures transformation

LG Aotearoa Collaboration Capabilities

To drive big system shifts by facilitating alignment and joined up strategies

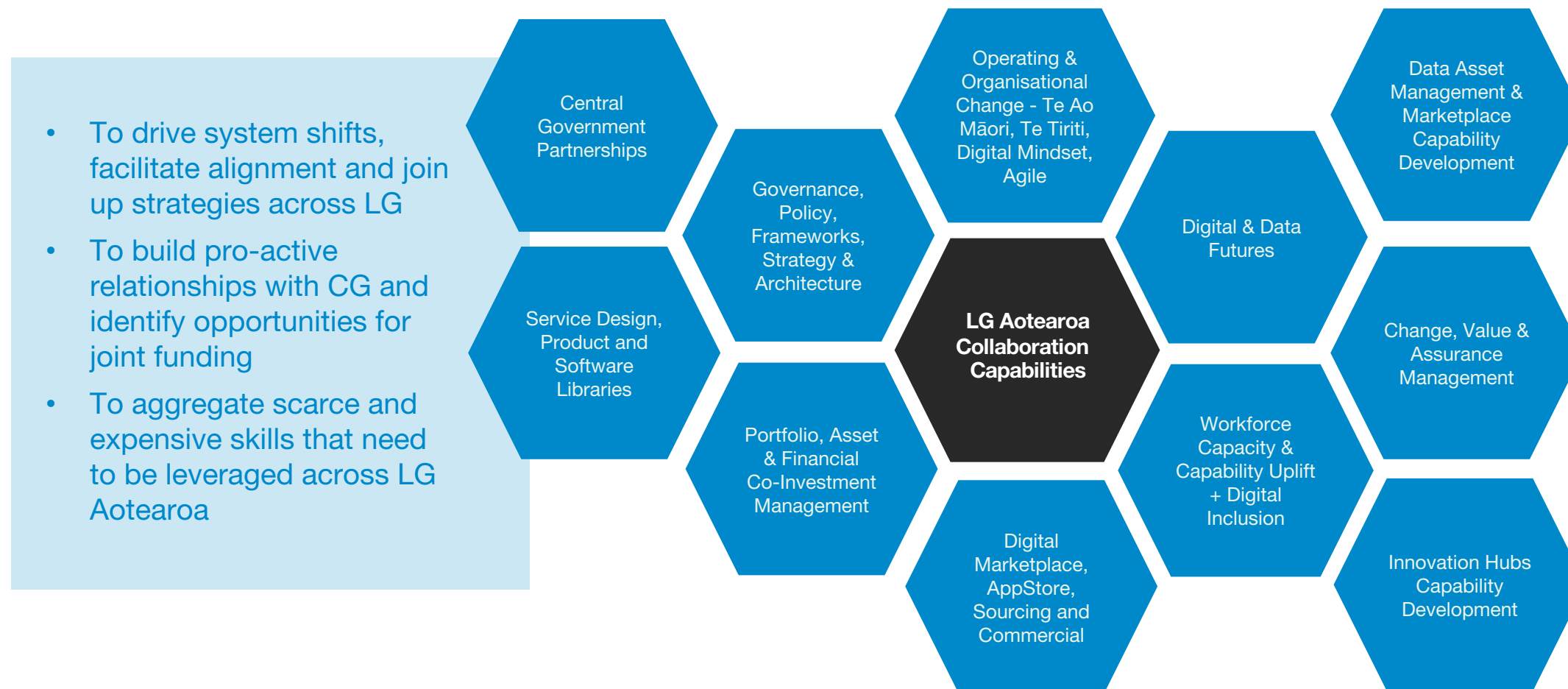
Operational Centres of Excellence

To aggregate and deliver mature common services

Business Embedded Digital Capabilities

To deliver capabilities required to redesign LG service delivery and uplift business capabilities

LG Aotearoa Collaboration Capabilities



Operational Centres of Excellence

- Below the water line services that are most effectively led by digital teams
- Aggregate and deliver common services with significant existing outsourcing



Embedded Digital Capabilities

- Capabilities required to redesign service delivery and uplift business capabilities
- Includes non-common services
- Business led prioritisation fostering ecosystems
- Enabling Hapū/Iwi/Māori participation where it really counts



Digital Futures Operating Model



Governance & Leadership

- Governance focussed on shifting organisations to embrace an agile digital mindset and a Te Ao Māori world view, joining up LG and CG and aligning business models to maximise value from investments
- It is expected that a multi level Governance framework would be established once membership of the Collaboration group was known and details of structure of the entities determined. Examples of potential governance groups are:
 - Elected members Digital leadership
 - Chief Executive Digital leadership
 - Chief Digital Officer / Chief Information Officer leadership
 - Chief Data Officer leadership
 - Chief Information Security Officer leadership
 - Strategy and Architecture leadership
- Chief Digital Officers retain staff leadership responsibility. Additional responsibility for leading one (or a number) of Operational Centres of Excellence and Embedded Digital Capabilities across LG
- Three Director leadership roles established for LG Aotearoa Collaboration Capabilities, Operational Centres of Excellence, Embedded Digital Capabilities as a cross LG digital leadership group

Citizen Engagement & Demand

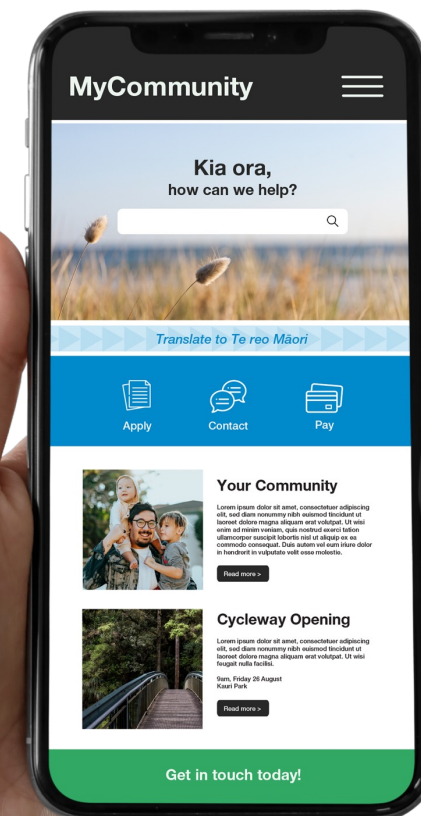
Create common digital channels for Local Government Services

- “MyCommunity” that can be leveraged as an asset for a future “MyGovernment”
- Utilise citizen centric service design and adapt “MyCommunity” with options to wrap the service with regional differences

Create innovation hubs and digital academies aligned with existing Library services

- Create places to collaborate and learn to ensure no one is left behind
- Develop a digital coach model that can take the knowledge into the marae, and the community
- Build pathways so that Baby Boomers & Gen X are not digitally isolated

Engage with CG to learn from their programmes and to explore collaboration and joined up investment



Technology & Sourcing

Rationalise

Service design before Technology design and savagely rationalise software and technology

Societal, economic, cultural sourcing strategies

Design in resilience, regional presence and incorporate broader outcomes in sourcing strategy (societal, economic, cultural), consider adoption of MBIE's procurement principles and rules

Integration

Prioritise Integration capabilities, workflow platform and re-use architecture, micro services, digital assets and data

Technology showcases

Build in Technology showcases and innovation lab hacks to explore new opportunities

Adaptive Futures strategy

Develop an adaptive futures strategy including consideration of Metaverse and Industry 5.0

Be a Better Customer

Through managing supplier relationships/partnerships consistently to maximise a win/win for all parties

Bake in Competition

Into the model and give the market significant advance notice

Service Catalogue

Standardise

Standardise, standardise, standardise. Customise at the edge for regional requirements

Publish and communicate

Publish and communicate along with service level expectations

Service Portfolio oversight

Service portfolio oversight from LG Aotearoa Collaboration Capabilities

Leverage IP

Leverage the intellectual property already available from across the sector



Frameworks, Architecture & Practice

Adopt strategic frameworks and use as common language

GEANZ: government architecture
ITIL: service & operations management
Agile: project delivery & mindset
Prince2: programme delivery
SFIA: skills framework for the information age
PSR, NZISM: security

Composable Architecture

Lead with composable business architecture across all dimensions
Component-driven software means building components and composing them into infinite products in a fast, efficient, scalable, and consistent way

Consistent Digital Services Workflow Platform & Management Systems

One service desk and service management platform across LG



Organisation Design & Culture

Prioritise perspective & worldview

Focus on a Te Ao Māori world view and a digital mindset in organisation change management

Focus on capabilities

Organisation design focused on capabilities, not geography. Maximum team size of nine people

Create competency development pathways based on skills

Create an adaptable workforce across LG utilising the Skills Framework for the Information Age (SFIA) for new role descriptions and a framework for competency development pathways

Redeploy staff based on new Operating Model

Staff stay local but their reporting lines change with their role reporting lines changing to report to either the LG Aotearoa Collaboration Capabilities, a Centre of Excellence or an Embedded Digital Capability

Limit role terms to 5 years

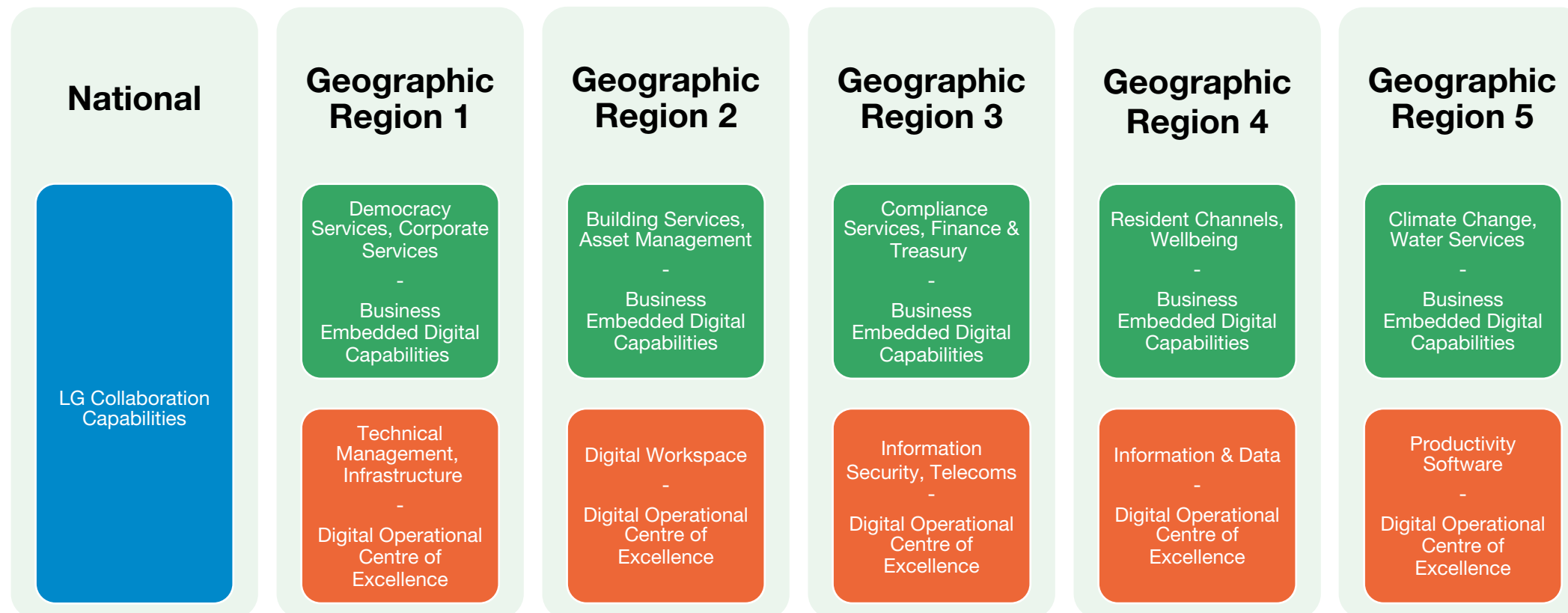
Break down inertia by limiting role terms and continuing staff growth and development

Consistent salaries nationally

With accommodation loading for Auckland



A Sample Consolidated Structure



NB: Geographic splits are indicative only and are not an indication from the Future for LG Review. They assume leadership responsibility by a Chief Digital Officer, with staff staying in existing geographies



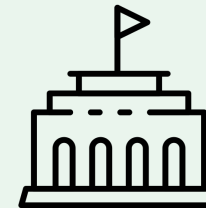
Benefits

Target Benefits #1



Local Government (LG)

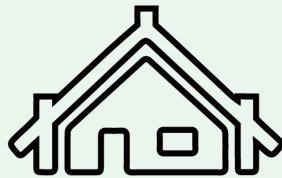
- Better citizen engagement and support
- Partnership with CG
- No postcode lottery
- Significant reduction in Cyber risk
- Workforce productivity improvements
- Easier to attract talent
- Economies of scale



Central Government (CG)

- Trusted partner to LG
- Accelerate sector transformation
- Co-investment partner
- New digital capabilities
- Better environment decisions
- Reduce cost of Resource Management and
Three Waters Reform

Target Benefits #2



Iwi/Hapū/Māori

- Collaboration and codesign at place
- Business opportunities for Māori
- Digital coaches with Te Reo Māori
- MyCommunity Te Reo Māori translation
- Better environmental outcomes
- Improved health outcomes



Partners

- More efficient and integrated service delivery
- New commercial opportunities
- New ecosystems emerge
- LG is a better customer

Target Benefits #3



Staff

Clear and empowered direction
Increased opportunities for career
development at place
Specialisation opportunities
Higher intrinsic reward in mahi
Accelerated digital transformation



Whānau

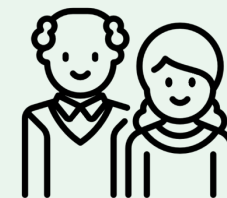
Consistent seamless LG experience
across regions
Improved digital inclusion
Easier to participate and engage with LG
Better environmental outcomes

Target Benefits #4



Youth

Quality employment opportunities
in home towns
Engage via channel of choice
Improved environmental outcomes
Better quality accessible data
Entrepreneurship opportunities



Seniors

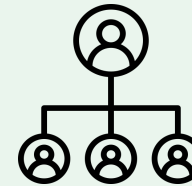
Higher trust and confidence in LG
Improved digital inclusion and ability to
use CG / LG digital channels
Improved value for rates spend
Improved service experience
Improvements in health outcomes

Target Benefits #5



Big Business

- LG is a better customer
- Clarity on LG digital strategy
- Sector wide transformation provides scale opportunities
- Business opportunities for NZ economy



Small Business

- Reduced cost of compliance
- CoDesign enables understanding of opportunity at place
- Thriving ecosystems to support start ups
- Reduction in barriers to market entry in digital economy
- Increased digital exports



Design Concept Roadmaps

Programme Initiation Roadmap Design Concept

Democratising Digital & Data

Activity	Q1 2022			Q2 2022			Q3 2023			Q4 2023			Q1 2023		
	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S
Review, Phase 0 Incubation	▶			▶											
Refinement & Consultation		▶													
Phase 1 – Initiation							▶								

Research into key Considerations – Te Tiriti, climate change, Digital inclusion, wellbeing, 30-year horizon
Operating model design concept
The digital marketplace
Key stakeholder engagement
Leveraged investment
Lessons learned
Early consultation

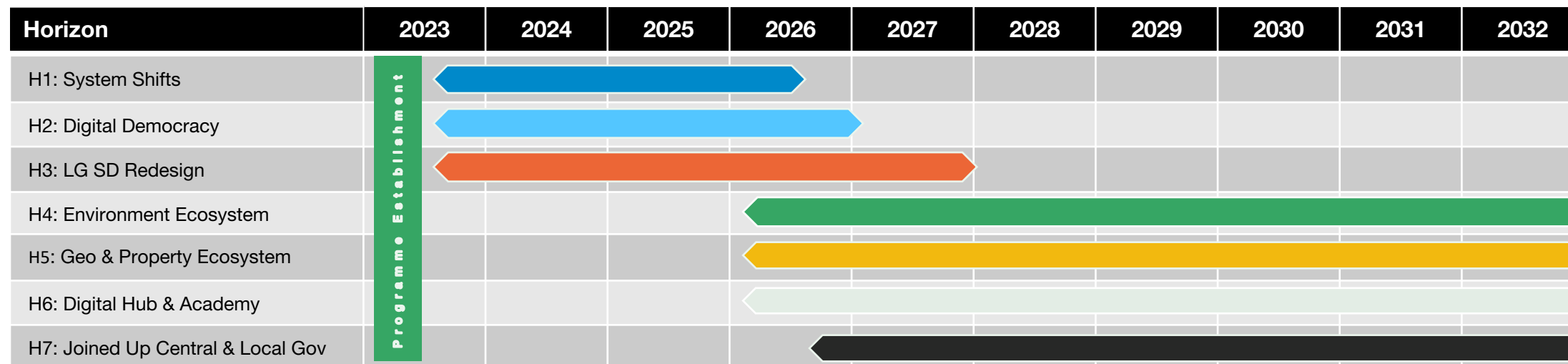
Collaboration workshop
Strategic assessment & Risk assessment (BBC)
Collaboration model strategic service design
Engagement with CE/CDO/CIOs
Seed funding
LG operating model digital twin
Business case scope, funding, planning & resourcing
Treasury consultation

ALGIM board
Regional Digital Solutions Group
LG digital leaders
ITP, NZTech
Iwi Data Leaders Group
Taituara, LGNZ
Digital Council for Aotearoa
Government CISO
Government Chief Data Officer
Government Chief Privacy Officer
Ministry for Environment
Ministers for LG, Digital Economy

Programme business base (BBC) & options assessment
Transformation programme initiation
Establish Digital Governance Board
LG digital futures Hui
Digital asset, project & capability discovery & stocktake
Review of Transformation programmes in progress
Legislative analysis
Policy development
Establish LG Digital Strategy & Transformation Office with Governance Board incorporating DIA DPS, LG CDOs, Taiturā
Digital market briefing
Regional by-law blocker analysis

Programme Roadmap Design Concept

Democratising Digital & Data



Horizon 1:
System Shifts
LG Scope, Funding, Operating Model, Staff & Asset Transfer & Capability Uplift
Digital Operating Model Change, Organisation Design

Horizon 2:
Digital Democracy
Trusted Citizen Channels
“MyCommunity”, Digital Inclusion, Iwi CoDesign, eDemocracy

Horizon 3:
Future State LG Operating Model
Value Stream Redesign across each business group

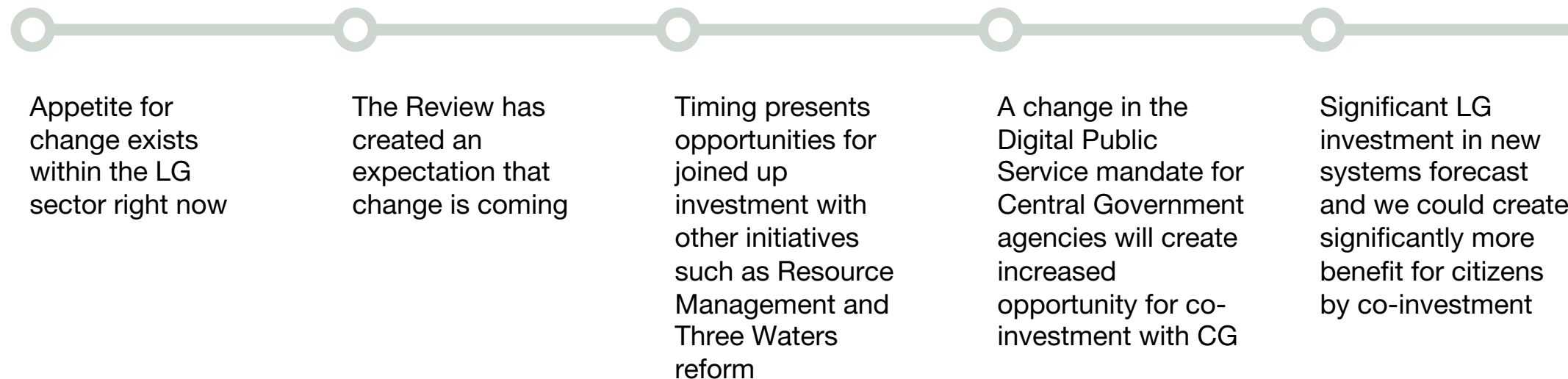
Horizon 4:
Environment Ecosystem

Horizon 5:
Geographic & Property Ecosystem

Horizon 6:
Digital Hub & Academy

Horizon 7:
Joined Up Central & Local Government

Why Invest Now



What's next?

Identify a coalition of the willing and seed club funding to take the mahi further

Proposed Activity October-December 2022

- Collaboration workshop
- Strategic assessment & Risk assessment (BBC)
- Collaboration model and strategic service design
- Engagement with Chief Executives, Chief Digital Officers, Chief Information Officers
- Seed funding
- LG future state collaboration model digital twin
- Business case planning - scope, funding and resourcing
- Early Treasury consultation


Glossary of Terms

Term	Definition
Artificial intelligence (AI)	a computerised system capable of simulating human decision making and learning, including performing cognitive functions associated with the human mind including learning and language.
Composable Architecture	an emerging business and digital architecture approach that assembles capabilities or components and integrates them, sometimes in different combinations, it enables fast and independent business outcomes utilising autonomous teams
Digital Twin	A digital twin is a virtual representation that serves as the real-time digital counterpart of a physical object or process
Digitisation	the conversion of content (for example, text, pictures and sound) or business processes into a digital form that can be processed or supported by digital technologies
ERP	Enterprise Resource Planning software
GEA-NZ	The Government Enterprise Architecture for New Zealand (GEA-NZ) framework provides a simple structure for the information and tools that support purposeful change across and within government organisations
Industry 5.0	Provides a vision of industry that aims beyond efficiency and productivity as the sole goals and reinforces the role and the contribution of industry to society, reflects a shift from a focus on economic value to a focus on societal value, and a shift in focus from welfare to wellbeing
Internet of Things (IoT)	computing devices connected to the internet and embedded into everyday objects, enabling them to send and receive data
ITIL	Information Technology Infrastructure Library – practices for technology service management
Machine learning	the use of computer systems that can learn and adapt without following explicit instructions by using algorithms and statistical models to analyse and draw inferences from patterns in data
Metaverse	Persistent virtual worlds that continue to exist even when you're not engaging with it and augmented reality that combines aspects of the digital and physical worlds
NZISM	The New Zealand Information Security Manual (NZISM) is the New Zealand Government's manual on information assurance and information systems security
PSR	Protective Security Requirements (PSR) outlines the Government's expectations for managing personnel, ... accordance with the New Zealand standard ISO 31000:2018 Risk Management – Guidelines



Thank you

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