



Untapped. potential

Exclusive research uncovers the gap between councils' digital ambitions and reality



Hitachi Solutions

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INTRODUCTION FROM HITACHI SOLUTIONS

A pioneering spirit will reap rewards for communities

Sharna Quirke
Strategic director for local government, Hitachi Solutions



Our vision for UK local government at Hitachi Solutions is a sector that's collaborative, confident and effectively equipped with the digital skills, knowledge and superior solutions to contribute to a better society. But how far off that vision is the sector today? We wanted to know more.

This is why Hitachi Solutions partnered with LGC to survey and report on UK local authorities' perceived potential, planned utilisation and readiness to adopt major technologies over the next five years.

Despite widespread recognition of the transformative potential of digital technologies, many local authorities in the UK struggle to bridge the gap between their aspirations and the practical implementation of digital solutions. This research indicates that while councils see the promise of digital innovation – such as improved service delivery, greater efficiency and better citizen engagement – their current plans often fall short of these ambitions.

The impact of this reality could have a lasting effect on our communities up and down the country, unable to achieve their local strategic vision, knowing digital has a role to play but not using digital technologies to help achieve it. Is this not being set up to fail?

No longer should local authorities be left in isolation to work out how to close this gap. Instead, let's come together to establish a collective voice and a collective ambition, on the importance of digital technology in achieving strategic outcomes across the breadth and complexity of local community needs.

This research is one small contribution to this aim.

While economic challenges are extremely high, citizen expectations and needs are even higher.

Never has it been more important to us to follow the Hitachi Solutions traditional Japanese values of coming together in harmony, to explore the issues with sincerity and openness, and to have the courage of a pioneering spirit, to see how it can be done differently and what we can achieve together.

We hope you find this research helpful and insightful. ●

INTRODUCTION FROM LGC

Local government's approach to technology is complex and nuanced

Martin George
Deputy editor



The picture that emerged is more complex and nuanced than the usual discussions about how councils can use an individual technology, such as generative AI.

We found that councils see a big role for digital in achieving their biggest strategic priority – efficiency and productivity – but when it comes to other high-scoring objectives such as economic growth or regeneration, they see less potential. For each objective we asked about,

clear patterns emerge about which types of digital councils see as being of most use.

The survey also suggests there is a clear gap between the potential councils see in digital, and their current plans to use it.

The scale of the challenge facing the sector must not be underestimated. Perhaps the

most worrying finding was that 54% of respondents believe their organisation does not have the knowledge, ability and confidence to design and implement digital solutions to successfully address its biggest challenges.

I hope that the survey results will not just be interesting in their own right, but also provoke new thinking about the different and unexpected ways that councils can harness different types of digital to achieve their multiple objectives. ●

It may be a cliché to say that councils are facing a perfect storm of insufficient funding combined with rising costs, rising demand and rising expectations from residents, but that does not make it any less true.

Local authorities are facing an enormous set of challenges, and harnessing the potential of digital will be essential to their future success.

But when councils imagine the type of organisation they want to be in the future, what objectives are most important, and how can digital help them achieve them?

This is what this survey, conducted in partnership with Hitachi Solutions, sought to find out.

Much of the debate about digital transformation takes as its starting point the particular type of technology on offer. The approach of this research is different. We wanted to start by identifying the biggest strategic objectives councils have set themselves for the next five years, and then work backwards to understand where they think digital will have a role in achieving them.



The survey suggests there is a clear gap between the potential councils see in digital, and their current plans to use it

METHODOLOGY

About the survey

The survey was carried out electronically during summer 2024, with a total of 78 valid responses.

They included eight council chief executives or managing directors and 11 directors, assistant directors or head of services, and other officers from across different services, including financial management, data intelligence, communications, information governance and policy and strategy.

Respondents also included council leaders, cabinet members and councillors. ●

A quarter of responses came from people at county councils, with 17% from London boroughs, 15% from unitary authorities and 13% from districts. There were also a smaller number of responses from combined authorities, metropolitan councils and Scottish and Welsh councils.

Geographically, 18% of responses came from London, 17% from the east of England and the same number from the Midlands, 14% from the south east and 9% from the north west. Other regions and countries were also represented. ●



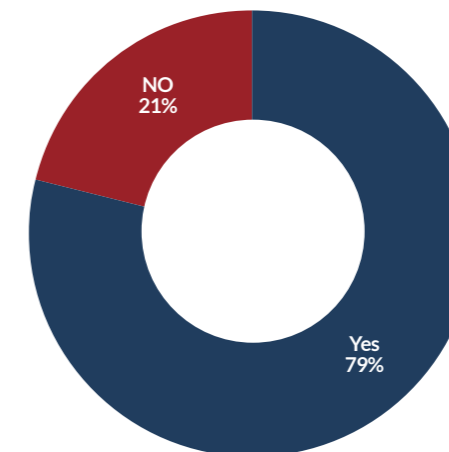
THE BIG PICTURE

Vision versus reality

Exclusive research finds most councils are not fully harnessing the potential of digital

Martin George
Deputy editor

Q Does your council have a strategic vision for the type of organisation it wants to be in five years' time?



To set the context for the survey's analysis of how different types of digital could help councils achieve their key objectives, respondents were asked whether their organisation has a strategic vision of its future, and the importance of digital in delivering such a vision.

The results show that while the majority of councils do have a strategic vision for the type of organisation they want to be in five years' time, there is a range of views about the role of digital in delivering it, and evidence of an unrealised potential for digital that councils could tap into.

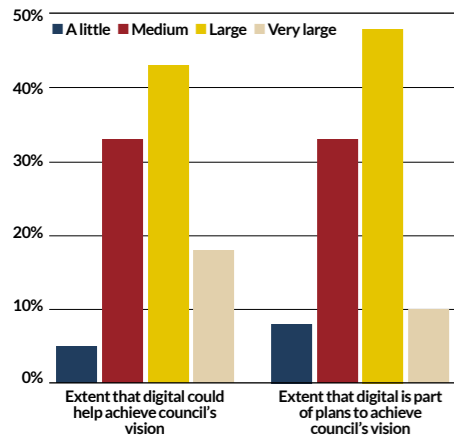
An overwhelming majority of respondents

(79%) said that their organisation does have such a vision. Respondents from London boroughs were most likely to say their council had a strategy (92%), followed by county councils (85%), while district councils and unitary authorities were both on two thirds.

Some respondents who said their council did not have a strategic vision suggested what the organisation has in its place. One simply said their council had a "statutory minimum service delivery model". Another wrote: "Smaller council [and] reduction in services and staffing is a limit on vision. Current vision is disjointed and consists of short-term aspirations with no strategic vision."

The survey then examined the role of digital in helping councils realise their strategic vision. The results suggest there is a gap between the potential for councils to harness digital to realise their visions, and their current use of it to do this. >>

Q The role of digital in helping councils fulfil their strategic vision



Of respondents whose council does have a strategic vision, 62% said digital could help them achieve it to a 'large' or 'very large' extent, compared with just 5% who said 'not at all' or 'a little'.

However, when asked about the extent to which digital is currently part of their council's plan to realise their vision, the number who answered 'large' or 'very large' fell to 58%.

And many of those who see the biggest potential for digital do not see it reflected to the same extent in their council's current plans.

Of those who said digital had a 'large' potential, a third said it was currently only used to a 'little' or 'medium' extent. The gap was even higher for those who saw a 'very large' potential for digital: 55% said it was not currently used to a 'very large' extent in their council's plan.

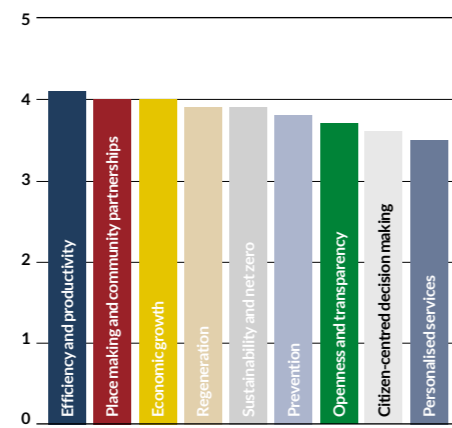
Visions of the future

When councils set a vision for what they want their organisation to look like in five years' time, there are a number of themes that often feature.

The survey sought to identify the most important themes, the potential councils believe digital has to help deliver each of them, and the extent to which councils are already planning to use digital to help achieve them.

Survey respondents were asked to rate how significant nine common themes are in their council's vision for its future, on a five-point scale ranging from 'not at all' to 'very important'. These were then converted into points, with one being the lowest and five the highest, and an average score was calculated for each.

Q How significant are the following themes in your council's vision for itself in five years' time?



Given local government's current financial crisis, it is perhaps unsurprising that efficiency and productivity was rated the most significant.

This was closely followed by place making and community partnerships, and economic growth.

At the other end of the scale, the least significant themes were personalised services, citizen-centred decision making and openness and transparency.

Some respondents highlighted other themes. The most frequently mentioned were inequalities, the council's workforce and working with other public sector partners.

One respondent raised "health inequalities, life expectancy disparities", while another mentioned "overcoming inherent inequalities - inequitable life determinants".

Among those who raised public sector collaboration, one wrote: "Through One Public Estate strategy expand and enhance public sector partnership in our area".

One person who said the council's own workforce was a theme in its vision cited "how we attract and develop staff", while another wrote: "Pay, organisational design and managing sickness absence and performance/capability."

“ Given local government's current financial crisis, it is perhaps unsurprising that efficiency and productivity was rated the most significant

Other additional themes included "an inclusive economic partnership using local suppliers/supporting local economy and community/charitable/social enterprises wherever possible" and having a "human learning system approach to all contract management, commissioning and social work practice".

Digital's role in delivering priorities

When respondents were asked to rate the potential of digital to help with the same list of priorities, on a five-point scale ranging from 'not at all' to 'very large', it was seen as having a lesser role in some areas that councils felt were most important.

Councils saw digital having a very high potential to help them improve efficiency and

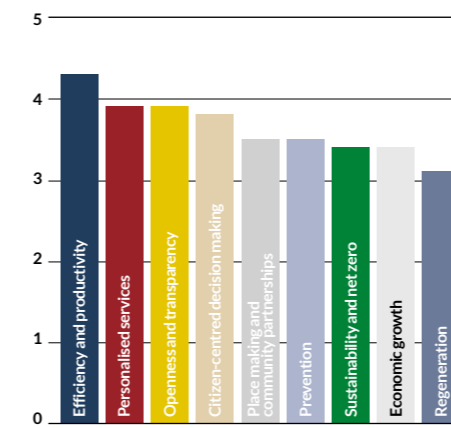
productivity - which is also the most important theme for councils.

But for two of the top-ranked priorities, councils appear to see a much more limited role for digital. Although economic growth and regeneration were among the highest priority areas for councils, respondents saw a much more limited role for digital in helping to achieve them.

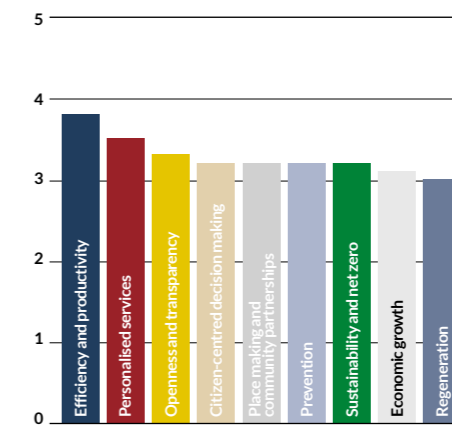
In contrast, digital was seen as having much higher potential for the three areas that were seen as having less significance in councils' five year visions: personalised services, openness and transparency, and citizen-centred decision making.

As might be expected, councils are currently planning to use digital to the greatest extent in the areas where they see it having the greatest potential.

Q To what extent does digital have the potential to help achieve each these objectives over the next five years?



Q To what extent does your council currently plan to use digital to achieve these objectives over the next five years?

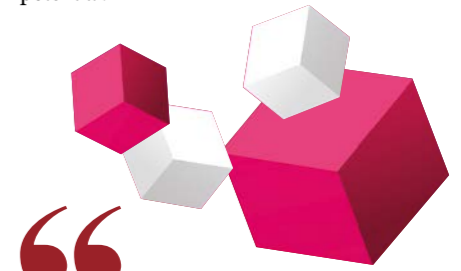


Efficiency and productivity was unambiguously the area where councils are currently planning to use digital to the greatest extent to achieve their aims, followed by openness and transparency, and personalised services.

Economic growth and regeneration again emerged as the two areas where councils currently plan make use of digital to the smallest extent.

In all nine themes there is a gap between the potential councils see for digital, and the extent that they are currently planning to deploy it.

Despite personalised services and citizen-centred decision making being two of the areas seen as having the biggest potential for digital to make a difference, these were also the two areas with the biggest gap between their perceived potential and their current planned usage. This suggests councils see these as the areas with the biggest unrealised potential.



“ Although economic growth and regeneration were among the highest priority areas for councils, respondents saw a much more limited role for digital in helping to achieve them

THE BARRIERS

Funding top blocker to realising digital potential

The majority of respondents lacked confidence in their organisation's ability to deliver on digital

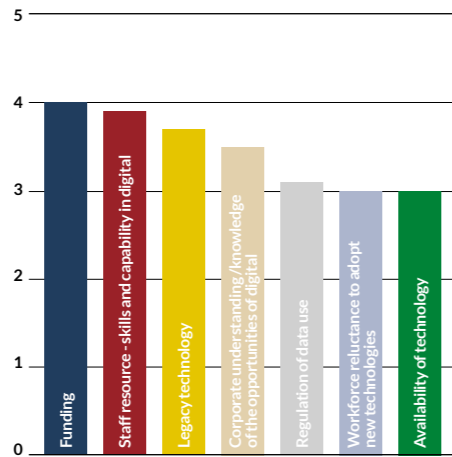
It might come as little surprise that when asked about barriers to councils using digital to help them achieve their visions for their future, funding came up number one.

With zero points meaning something was 'not at all' a barrier and five points meaning it was a 'very large' barrier, funding had an average score of four.

The skills and capability of staff in digital came out as the second most significant barrier, followed by legacy technology.

The two options that were seen as the least

Q How significant are the following barriers to your council using digital to help it achieve its vision for its future?



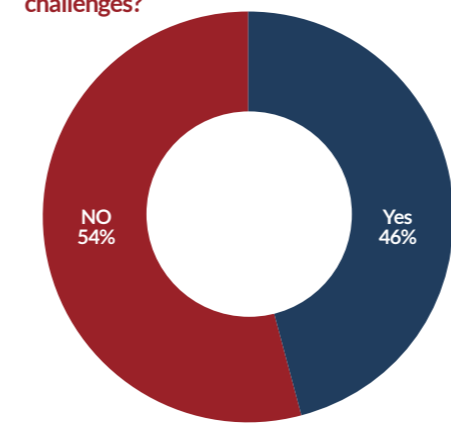
significant barriers were reluctance from staff to adopt new technologies, and the availability of technology.

When asked to comment, one respondent wrote: "All of the above are major problems at local authorities. The answer is to recruit more [local] people instead of continuing along the path of outsourcing and automation."

And another highlighted another barrier that was not among the options listed: "Systems and changes imposed by government that don't integrate or are inflexible for better working." They gave the youth justice system as an example.

And when respondents were asked whether their organisation has "the knowledge, ability and confidence to design and implement digital solutions to successfully address its biggest challenges", the answer was far from reassuring for the sector.

Q In your opinion, does your organisation have the knowledge, ability and confidence to design and implement digital solutions to successfully address its biggest challenges?



Less than half of respondents (46%) answered 'yes', with the majority saying their council did not have the necessary knowledge, ability and confidence.

It was a question that provoked a number of thoughtful comments from respondents, ranging from those that wanted to highlight positive approaches being taken by their council, to others who raised concerns about the pace of change in digital not being reflected in the changing council workforce.

One respondent wrote: "The digital strategy is embedded in the workforce strategy and as such, the organisation is running digital champion training for each team in the organisation. These digital champions are the experts and champions of digital agenda and technologies in their teams."

However, another raised concerns that "local government has never had a workforce suitably

equipped to manage the digital revolution - skills and job roles have not kept pace with the changes in digital".

And there were pleas for proper involvement from frontline staff and residents in digital.

One respondent wrote: "The important things are to ensure the IT is formulated by and for the users, both residents and staff. The biggest barrier to effective (and efficient and economic) digital development is the setting up of digital services by specialist IT professionals without exhaustive collaboration and challenge from those who will be using and benefiting from the technology."

“ The important things are to ensure the IT is formulated by and for the users, both residents and staff ” SURVEY RESPONDENT

Untapped potential

The term 'digital' covers a broad spectrum of technologies and systems. To better understand councils' attitudes towards different types of digital, the survey asked whether cloud, generative AI, data platform, internet of things (IoT), digital front door and automation could help them achieve their different objectives – and which they were currently planning to use

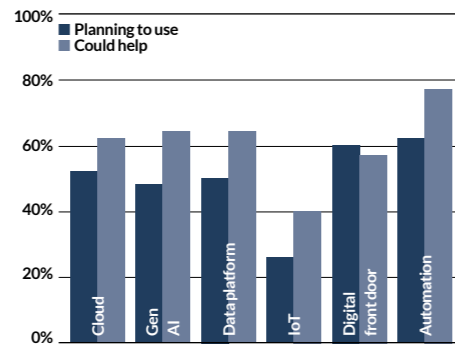
EFFICIENCY AND PRODUCTIVITY

Efficiency and productivity is the most significant theme in councils' visions for themselves in five years' time – and it is a theme where a number of types of digital are widely seen as being able to help.

Of the six types of digital in the survey, all but one was selected by more than half of respondents, with 77% seeing a role for automation. Data platform and generative AI were chosen by almost two thirds (64% each), making this the theme where generative AI was seen as having the most potential.

For four of the types of digital, at least half of respondents said their council was currently planning to use them to help with efficiency and productivity. For everything apart from digital front door, there was a gap of between 10 and 16 points between those who said it could help, and those who said their council was currently planning to use it.

Even so, there appears to be unrealised



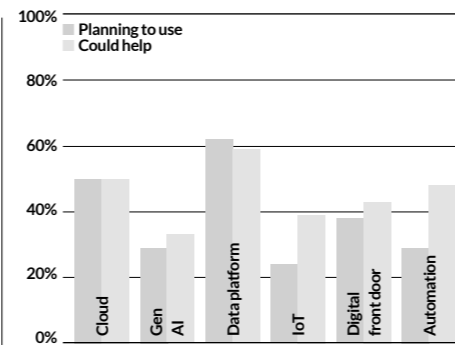
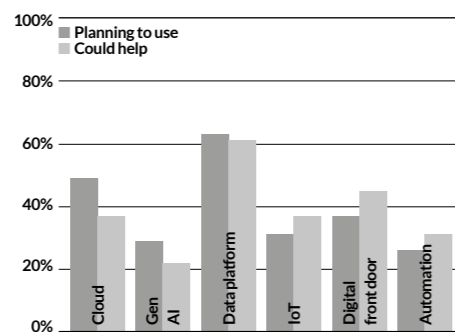
potential across almost all types of digital to help with efficiency and productivity. For everything apart from digital front door, there was a gap of between 10 and 16 points between those who said it could help, and those who said their council was currently planning to use it.

PLACE MAKING AND PARTNERSHIPS

Place making and community partnerships is another of the most important strategic objectives for councils, but data platform is the only form of digital that more than half of respondents (61%) think could help deliver it.

They saw generative AI has having a notably low potential – only 22% selected it – and automation was also chosen by less than a third (31%).

Data platform (63%) is most commonly planned for use to help with place making.



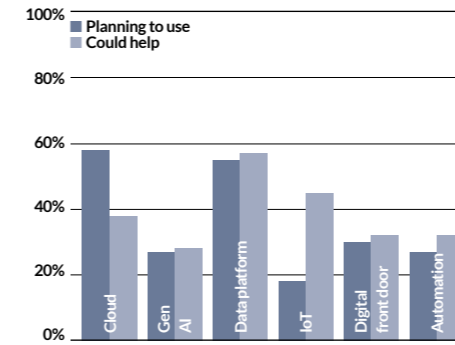
ECONOMIC GROWTH

This was also one of most important themes in councils' strategic visions, and data platform was the type of digital seen as more able to help, chosen by 59% of respondents. The other key types were cloud (50%) and automation (48%).

Of the six types of digital in the survey, generative AI was seen as the least able to help with economic growth, chosen by one third.

When it comes to what types of digital are actually in current plans to help with economic growth objectives, data platform was chosen by 62% of people, with cloud selected by 50%.

Big gaps between the number of people who think IoT and automation could help, and the number who say it is part of current plans (15 points and 19 points respectively), suggests there is unrealised potential to harness these types of digital in this key area.

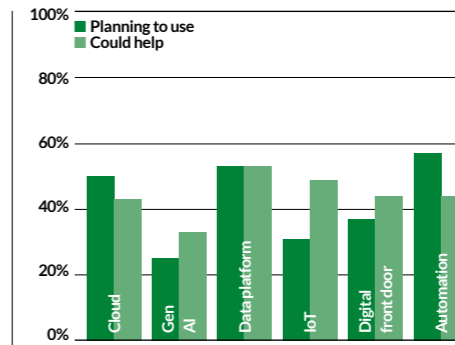


REGENERATION

Data platform emerged as the type of digital that the highest number of respondents said could help achieve their regeneration objectives, chosen by 57%.

Generative AI, digital front door and automation were chosen the least, selected by just under a third of respondents each.

Cloud (58%) and data platform (55%) are the only forms of digital that a significant number of councils are currently planning to use for their regeneration objectives, but there appears to be significant scope for IoT to play a bigger role. While 45% of people who took the survey said it could help with this objective, only 18% said their council was currently planning to use it for this purpose.

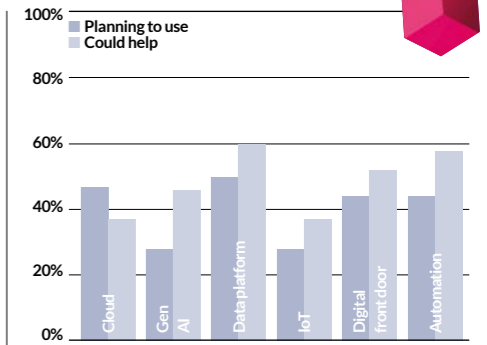


SUSTAINABILITY AND NET ZERO

Automation, data platform and IoT were the types of digital most commonly chosen as being able to help councils with their sustainability and net zero objectives (57%, 53% and 49% respectively).

Generative AI was the least commonly selected, chosen by one third of people who took the survey.

When it comes to the types of digital currently in plans to help with sustainability and net zero objectives, data platform (53%) and cloud (50%) were the most common choices. And there appears to be significant scope for more use of IoT, as there is an 18-point gap between those saying it could help and those saying it is currently being planned for use.



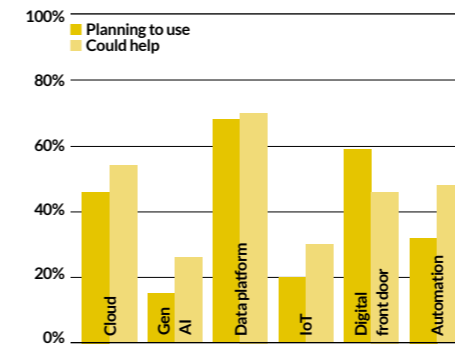
PREVENTION

For prevention, data platform and automation emerged as the most commonly chosen types of digital, selected by 60% and 58% respectively.

At the other end of the scale, cloud and IoT were chosen by 37%.

Data platform was the only type of digital that at least half (50%) said was currently planned for use to help with prevention. And despite many respondents saying automation could help, only 44% said its use was currently planned in this area.

The results suggest generative AI has the biggest scope for growth when it comes to prevention: although 46% of respondents thought it could help here, only 28% said their council was currently planning to use it in this area.



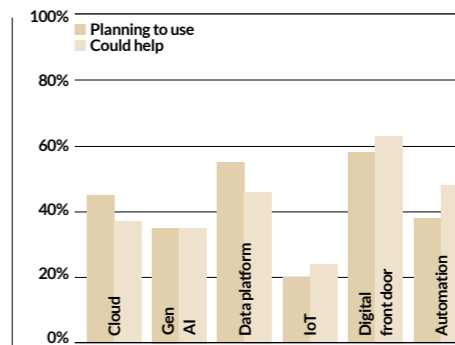
OPENNESS AND TRANSPARENCY

Data platform was by far the most commonly chosen type of digital when it came to openness and transparency objectives, selected by 70% of respondents.

Cloud was the only other option selected by more than half (54%), while less than a third of respondents thought generative AI (26%) and IoT (30%) could help with this objective.

Some 68% of respondents said their council is currently planning to use data platform to help with openness and transparency, with digital front door the only other option selected by more than half (59%).

The biggest unrealised potential appears to lie with automation, where there was a 16-point gap between those who said it could help, and those who said it is currently planned for use.



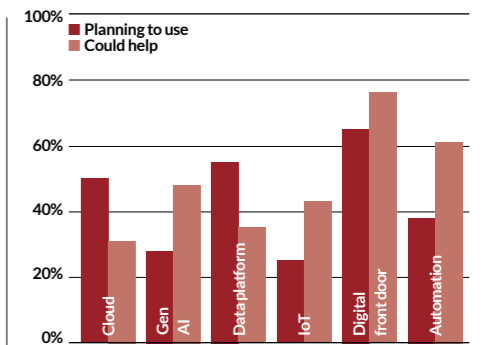
CITIZEN-CENTRED DECISION MAKING

Almost two-thirds of respondents (63%) said digital front door could help them achieve their objectives around citizen-centred decision making over the next five years.

No other type of digital was chosen by more than half of respondents, although automation (48%) and data platform (46%) came close.

Just over a third of respondents thought cloud (37%) and generative AI (35%) could help here, while IoT was chosen by less than a quarter.

When asked which types of digital they are currently planning to use for this objective, digital front door (58%) and data platform (55%) were the most popular choices. The 10-point gap between those who think automation could help citizen-centred decision making and those currently planning to use it suggests there is some unrealised potential.

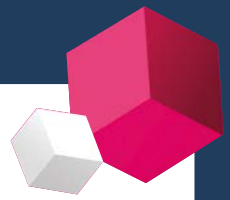


PERSONALISED SERVICES

Digital front door was by some distance the type of digital most respondents said could help them achieve their objective of delivering personalised services. More than three quarters (76%) chose this option, compared with 61% for automation, the second most popular choice. Cloud and data platform were seen as having the least potential, chosen by 31% and 35% respectively.

Digital front door was also clearly the most common type of digital currently planned for use in this area (65%), followed by data platform (55%).

However, there could be significant unrealised potential to use four types of digital to help personalise services, with a gap of at least 10 points between those who say generative AI, IoT, digital front door and automation could help, and those whose councils are currently planning to use them. The gap was highest for automation.



DIGITAL TRANSFORMATION

Who is flying the flag for local government technology?

An organisational approach to digital technology is urgently required

Sharna Quirke
Strategic director for
local government,
Hitachi Solutions



In the 21st century, technology has become a powerful driver of social change, economic growth and improved quality of life.

Local governments, as the closest layer of governance to citizens, play a critical role in addressing the core challenges of their communities. As these challenges evolve in complexity, local governments must increasingly turn to technology as an enabler of more efficient, equitable and scalable solutions.

The economic challenges we face today demand a proactive approach. Traditional methods are no longer sufficient to address the complexities of modern governance. By embracing digital solutions, local authorities can streamline their operations, enhance service delivery and improve overall efficiency. This transformation is not just a technological shift but a strategic imperative that can drive significant positive change.

We often look at technology in silos: how can it help planning and regeneration or social care? How might it have a role in customer services? Yet, strangely, a different approach is taken in the housing department, for what is essentially the same customer experience with the council.

Or maybe, we let the technology itself drive the conversation. A key one today is, “how can we use AI?” as though the use of AI itself is the desired outcome, rather than identifying the challenge and then seeing if AI is a suitable solution.

Perhaps it's time to change the way we perceive digital and technology (and its application and support).

Yes, there are technologies that help specific sub-sectors, and too often we procure a solution to support individual services, but no longer should we see technology in these silos, procured and run in isolation. For years in local government, we have been talking about breaking down silos and working collaboratively across the council. Our approach to technology must also take this shift in thinking.

What needs to change?

It's time to take an organisation-wide approach to digital technology and build a united vision towards a common goal of a technical platform. This enables better data and knowledge, more automation, reduced double handling and errors, and better citizen experience. A platform approach will also be cheaper, faster, enable better integration and flexibility to

enable councils to face whatever is coming next.

In today's rapidly evolving economic landscape, local authorities face unprecedented challenges. To navigate these turbulent times and meet the ever-growing expectations of their customers, it's imperative for local authorities to pivot towards a platform digital solution.

This call to action is not just about adopting new technologies; it's about adopting a change in mindset toward digital solutions. Not only fostering a culture of innovation, collaboration and openness, but doing so with a common digital vision at the organisational level, to break down perceptions, silos and enhance organisational transformation with economies of scale.

Local authorities must come together, share insights and work towards common goals. But more than this is needed. Local authorities need to come together on a common vision of what technology should be in local government and demand the support and investment from Whitehall.

Local authorities must be willing to question the status quo, explore new possibilities and take calculated risks. They also need to demand the investment they are so clearly lacking from the top.

The problem is when demands are placed and 'sent up the pole', they are often in the remit of a policy (ie planning) or departmental (ie social care). But who is flying the flag for local government technology and its crucial role in the future and success of all these policies and departments?

It takes courage to do things differently, but it's this courage that will ultimately lead to success.

The call to action is clear: Local authorities must embrace digital solutions to address economic challenges and meet citizen expectations at the organisational level. It goes without saying, there are barriers to achieving this. Some can be overcome through a change of mindset and seeing the role and function of technology differently. But others will not be overcome without the support and investment from the centre, and until local authorities come together with one voice, we may not see the change our communities deserve.

If you agree that leveraging technology in local government is a path to solving core societal challenges, then it's time to fly the flag for local government technology. ●

