

A person in a dark blue suit is shown from the chest down, interacting with a tablet. The tablet screen is overlaid with various glowing digital icons such as a Wi-Fi signal, a smartphone, an envelope, a padlock, and a circular chart. The background is a blurred office setting with a desk, a notebook, and a pen.

**INNOVATION AND LOCAL GOVERNMENTS
ACROSS WESTERN CANADA**

Innovation and Local Governments Across Western Canada

The act of innovation means putting into practice better solutions to meet new or anticipated needs — something local governments across Canada grapple with every day. Local governments are changing the way they do business and provide services to respond to evolving fiscal and citizen demands.

For this survey, MNP went directly to the source, partnering with provincial associations to find what is driving change in Canadian communities and how local governments are adapting. Our partners included: CivicInfo BC, Rural Municipalities of Alberta (RMA), Local Government Management Association of British Columbia (LGMA), Local Government Administration Association of Alberta (LGAA), Alberta Urban Municipalities Association (AUMA) and Saskatchewan Urban Municipalities Association (SUMA). Over January and February 2019, we surveyed dozens of local governments across British Columbia (B.C.), Alberta and Saskatchewan to understand their perspectives and insights on innovation — what prompts it, barriers to innovation and how they are deploying new solutions to best serve their communities.

In the survey, municipal leaders shared their experiences working with other local governments and delivered insights on the expectations for citizen services, both now and in the future.

The results provide a candid view of challenges, demands and opportunities. Surprisingly, funding was not a barrier to innovation to more than half of the respondents overall — although it did surface to varying degrees in the three respective responding provinces.

We've also included case studies highlighting challenges and solutions municipalities in each of the provinces have accomplished.

The Participants

Working with local government associations, we surveyed municipalities across B.C., Alberta and Saskatchewan and received 145 responses. Since participants did not have to share what province they were from, the totals mentioned might not add up to 145.

All sizes of local government were represented, from regions and counties (24) to towns and villages (102) up to cities (15). The diverse communities presented unique insights and similarities in how they are managing innovation.

A Macro Look at Respondents

British Columbia

Predominantly cities, districts and villages, averaging 70,000 residents, with the population's most common average age range reported by local governments being 45-54 years old. As a province without strong economic ties to energy resources, B.C. feels less pressure from falling revenues and declining government funding compared to Alberta and Saskatchewan. B.C., more than the other two provinces, recognized the need to increase their stakeholder engagement.

Alberta

Predominantly counties and towns averaging 31,000 residents with the population's most commonly reported average age range by local governments being 35-44 years old. The province is struggling with the impact of low energy prices on provincial revenues. Alberta's municipalities are concerned with decreasing provincial grants and volatile federal funding against growing citizen service expectations and municipal responsibilities.

Saskatchewan

Predominantly villages and towns averaging 1,500 residents with the population's most common average age range reported being aged 45-54 years. Saskatchewan has nearly 800 local governments, making it the province of many local governments of smaller local populations. Also a resource-based economy, dealing with decreasing provincial grant funds and less federal funding has been a key issue in this province.

CHALLENGES Facing Local Government

Big or small, landlocked or coastal, local governments shared common realities of tight budgets, increasing service demands and changing demographics.

Survey respondents highlighted four other major stumbling blocks local government faced:



Aging Infrastructure

Western Canada's infrastructure is getting older, increasing the need for larger maintenance / capital budgets.



Decreasing Revenues

As service expectations and responsibilities rise, overall revenue is decreasing, sparking the need for increased efficiencies, budget changes and service level adjustments and / or deferred / cancelled projects.



Changes in Services Expectations

Citizens expect local governments to provide improved services, including increased and improved online services.

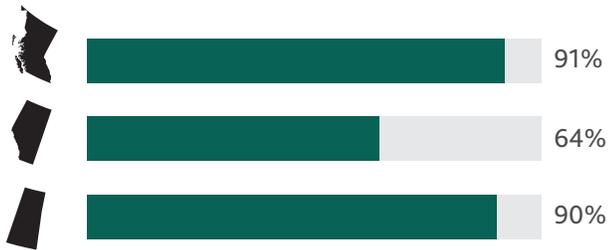


Increases in Capital Funding Requests

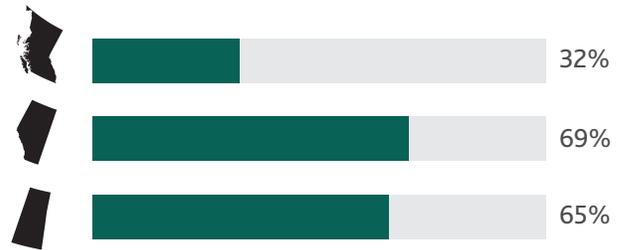
Citizens are requesting more new recreational facilities and infrastructure assets at the same time that revenues are declining.

What Hurts Most, Where (% Agreed)

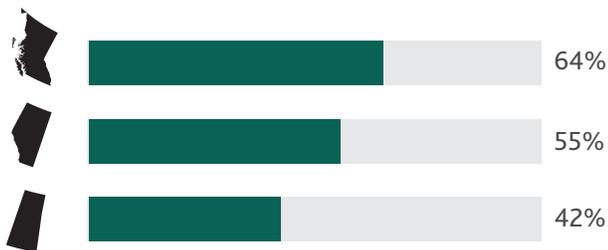
Aging Infrastructure and Population



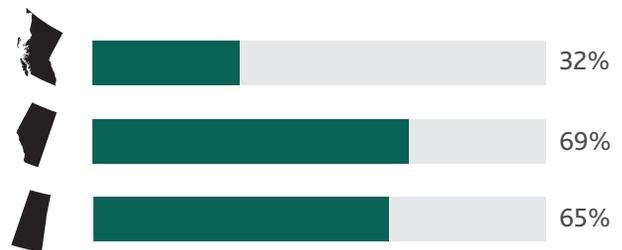
Decreasing Revenues



Changes in Service Expectations



Increases in Capital Funding Requests





Case Study: Kindersley, Saskatchewan

Challenge: Increased industrial water consumption put a strain on the aging local water treatment facility, affecting time required to replenish potable water supply.

Solution: Kindersley instituted an innovative municipal-private sector partnership that captured backwash wastewater for industrial use in a new storage reservoir.

Result: Reduced strain on Kindersley's water treatment plant, greater environmental stewardship and new revenue for the municipality. This town was recognized with the 2016 CAMA Willis Award for Innovation, in the Under 20,000 population category.

Local governments were asked to rank their confidence in dealing with pace of change.



Scale of 1 (strongly disagree) to 4 (strongly agree)

Do you agree the pace of change your local government is experiencing is manageable?



To what extent do you agree your local government is well equipped to keep up with the pace of change?



Insight:

B.C. respondents have the lowest confidence in their ability to keep up with the pace of change — a pace that they see as less manageable than the other two provinces.

BARRIERS to Innovation

The most commonly cited barrier to innovation was funding (43 percent), although many of the local governments said they could and did undertake new ways of delivering services, regardless.

Along with funding, almost a quarter (24 percent) of the respondents noted resistance to change was a barrier. This was either due to uncertainty around how already-tight budgets would be allocated, and / or internal staffs', councils' and public comfort with the status quo.

Getting buy-in from all parties; citizens, internal staff and council, can be a challenge, with over-worked staff resisting more duties or fearing layoffs and residents and councils not always fully understanding the need for innovation.

Provincial Perspectives

British Columbia

B.C. had the lowest percent (25 percent) of respondents to mention funding as a barrier, relative to the other two provinces, however it was still the most commonly cited barrier.

Of the three provinces, B.C. was the least likely to mention resistance to change as a barrier to innovation. When resistance to change was mentioned, respondents pointed to difficulties getting public buy-in on the need for change. B.C. was less likely to identify internal staff or council as change resisters.

Alberta

Topping the list was funding, with 40 percent of respondents mentioning funding as a barrier, specifically resulting in the inability to support more resources, such as hiring more staff or increasing their capacity. Many local governments noted staff were already dealing with heavy workloads and they did not want to put more on their plate.

Saskatchewan

Saskatchewan had 55 percent of respondents mention funding as a barrier and was more likely than the other two provinces to mention resistance to change as a barrier. For this prairie province, the adage "don't fix it until it's broken" presented a major barrier to innovation, with lack of forward thinking on behalf of municipal staff and council reportedly being a bigger stumbling block than public resistance to change.



Scale of 1 (strongly disagree) to 4 (strongly agree)



Insight:

Do you feel you are equipped with the resources to innovate?



While Alberta respondents might feel that they are more equipped with the resources to innovate than their counterparts in B.C. and Saskatchewan, the result doesn't indicate resounding confidence either.

Analysis

While innovation is often seen as costly and a lack of resources is a major barrier, decreasing funding and revenues have sparked in fact, innovative projects by a number of local governments. Indeed, other issues around barriers to innovation were mentioned. In fact 57 percent of responses did not mention lack of funding as an issue at all. A lack of buy-in from the public, internal staff and council are clear roadblocks.

To start laying the groundwork for change, leaders need to identify what the cultural climate is. If most people actively resist change and enjoy the status quo, innovative projects will fail, even with funding.

Resistance to change needs to be strategically managed. Local governments need to create a plan to effectively engage all involved stakeholders.

NECESSITY Sparks Innovation

Cost pressures are stimulating innovative solutions such as increased collaboration and partnerships as well as technology enhancements to meet growing citizen demands.

Necessity was cited as the main driver to innovation in two of the three provinces. Municipalities of all sizes are being driven to innovate in response to major issues, including aging municipal infrastructure, increasing capital funding requests and evolving citizen service expectations.

Increasing cost pressures creating a need to “do more with less” was the second most common driver, with local governments seeking to operate more efficiently internally. This was closely followed by forward-thinking leadership (among elected officials, and management).

Drivers of Innovation (Ranked in order)

 Necessity, Cost Pressures, Proactive Leadership

 Necessity, Cost Pressures, Proactive Leadership

 Cost Pressures, Proactive Leadership, Necessity

Solutions

Cost savings came hand-in-hand with operational efficiencies in many B.C. local governments. One respondent discussed how they are trying to become leaner by “evaluating processes to determine need, (and finding) opportunity to streamline,” or automating services such as financial and permitting processes or inspection documentation.

Alberta municipalities found increasing communication and cooperation between departments improved internal operations, resulting in cost savings. Sharing services and expertise with other municipalities successfully reduced operating costs.

A recurring theme of innovation in Saskatchewan was improving asset management, from evaluating inventory to reviewing planned maintenance schedules. *“This is allowing our administration (and council) to see exactly what we have, and when it may need to be replaced. Allowing for better operational management, and more informed financial decisions.” - Saskatchewan Village*

Who are you working with to be more innovative?

British Columbia

Neighbouring governments, provincial and federal governments, industry and First Nations — more so than the other provinces.

Alberta

Collaborating with local / neighbouring communities and partnerships with provincial and federal governments mentioned more often than by B.C. and Saskatchewan respondents.

*“Within our region we are reaching out to neighbouring municipalities to join some services together to help out with expense as well as knowledge.”
- Alberta Village*

Saskatchewan

Working with local / neighbouring communities took precedence over partnerships with provincial and federal governments or industry.



Insight:

Collaboration is happening across the West — the collaboration arrangements all include local / neighbouring communities and varying degrees of other collaborative arrangements.



Case Study: Village of Irma, Alberta

Challenge: There was no community hall in Irma. Financially, it was not possible for Irma to build a stand-alone community hall without significant increases in revenue through raising taxes.

Solution: Find a partnering community to look at a joint facility that could meet the needs of two different communities.

Result: Worked together with the partnering community, the Municipal District of Wainwright and the school division to create a joint facility that doubles as both a community centre and a school. A K-12 school is set to be complete by winter 2020, resulting in an enhanced gym, library, stage, storage and commercial kitchen to be used by the school by day and the community at night. The facility is free for not-for-profit groups and can be rented out for events like dances and weddings. A portion of the rentals will be used to offset the utility costs, resulting in a significant benefit to the community for a fraction of the cost.

Analysis

Across all the provinces, the top three reasons for innovation were consistent: local governments are being innovative because they are trying to respond to the change drivers discussed above, they have capital pressures to do more with less and they have leaders pushing a forward-thinking culture.

Although local governments list a lack of funding as a barrier to innovation, many recognize innovation is something they have leveraged to do more with less. These changes included internal process improvement, improving asset management practices, streamlining processes and cross-training employees.

Municipal leaders were overwhelmingly optimistic about finding solutions by working with others. Collaboration and partnerships with other communities, different levels of government and industry appeared intrinsic to the theme of doing more with less.

The key take-away from this section is that partnerships and successful collaboration across a variety of stakeholders can lead to decreased costs and service improvements.



Scale of 1 (strongly disagree) to 4 (strongly agree)

Do you believe there is an opportunity for innovation in how local governments work together?



Insight:

Strong agreement in this belief across the West, suggesting that local governments should approach others with ideas to create change.

ROAD to Innovation

Solutions across the provinces were linked by three overarching themes:

- Collaboration – The role that working together with neighbouring governments, other levels of government, industry and other partners has in being innovative.
- Communication – How local governments engage the public and their public servants.
- Technology – Leveraging technology to improve processes or operational service delivery needs within the communities local governments serve.

While collaboration and partnerships were seen as augmenting limited resources, respondents noted that not all innovation was driven by reduced budgets. Successful innovation was strongly linked to increased public engagement, open-minded internal staff culture and strong leadership.

The most important results local governments highlighted were those that improved service delivery to their residents. From implementing new services for changing demographics to deploying a new database to track aging infrastructure, municipalities accessed technology and collaborated with other local governments to roll out beneficial innovations.

At the same time, local governments in all three provinces expressed concerns about being able to maintain their individuality, with several citing concerns about loss of control over certain operations. The other hurdle mentioned with collaboration was reaching compromises with potential partners.

Provincial Perspectives

British Columbia

“Strategy software has assisted council and management in visualizing and implementing the strategic plan. It also allows for immediate measure of key performance indicators and for a visual dashboard for the community to monitor the process.” – B.C. city

Alberta

“To be the most effective within our region, municipalities must cooperate and work together. Gone are the ways of municipalities operating independently.”
- Alberta town

Saskatchewan

“Hosting informational public meetings and gaining feedback during these meetings when there are major issues affecting taxpayers’ services and the financial impact of these services (has been beneficial).” – Saskatchewan village

Where is your government being innovative?

Service Delivery

Service delivery innovations topped the list and included:

- Collaborating with regional partners for joint delivery of certain services
- Reviewing service levels
- Using technology to improve efficiencies
- Shifting to online payments
- Contracting out services

Internal Operational or Process Improvement

Respondents said internal efficiencies were gained through:

- Training staff for additional skills
- Reviewing and eliminating dated processes
- Seeking group buying / procurement opportunities
- Streamlining roles and responsibilities

Technology

Much of the technology-related innovations were based on:

- Upgrading existing programs, equipment and facilities to reduce power use
- Boosting online options for their residents

Public Engagement

Throughout the survey, public engagement was strongly correlated with successful innovation. Social media, online platforms and public meetings were the primary means local governments sought to engage their residents and be more transparent with them.



Case Study: Kimberley, British Columbia

Challenge: Previously used as an industrial hard-rock mining site, land north of Kimberley, B.C. was vacant and no longer provided revenue to the local government

Solution: EcoSmart, a Vancouver-based non-profit, saw the potential in the site's landscape for solar mining. The City of Kimberley partnered with mining-industry mogul, Teck, to create SunMine — now B.C.'s largest solar tracking facility.

Result: SunMine powers an estimated 200 Kimberley homes, sees approximately \$250,000 in annual revenue at its peak operations, covering all its expenses and repaying a \$2-million construction loan from the city.



Analysis

Funding is not the only critical success factor for innovation. Although grants and government support were mentioned as the main support for many innovative success stories, funding was not the only factor.

Respondents pointed to their internal staff, partnerships, collaboration and public engagement as the resources and tactics they had employed to successfully innovate. These factors were mentioned more often than funding. Support and contributions from internal staff and council were mentioned as a key success factor for innovation more often than funding. Many respondents commented that having a forward thinking, open minded culture was critical to successful innovation.

"A year of challenging the organization to find innovative ways of raising revenue or streamlining expenses and find \$1 million dollars — the results were \$2.2 million [found]." - Alberta City

Local governments found more success by engaging their staff in key decisions and presenting the context and background to provide a holistic understanding of the reasoning behind an initiative, project or idea. A common obstacle is the ability to showcase the cost-benefit internally, making it difficult to sell the innovation to council and internal staff. Survey respondents further described that this stems from a lack of trust and communication between staff and council.

According to respondents, organizations that effectively leverage their internal team noted the importance and positive impact of having change champions communicate why the change was important, and the impact it would make.

Public engagement ranked lower than focusing on service delivery innovation, process innovation and technological innovation. This is despite many of the respondents agreeing most citizens would want increased and more expansive public engagement on civil matters over the next three to five years.

In turn, local governments are concerned about public buy-in. Effectively communicating the local government's business case for change in a way that resonated with residents is a challenge.

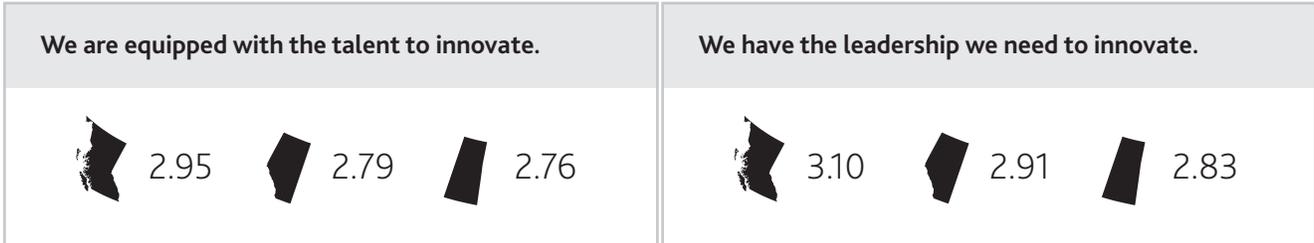
Moving forward, local governments need to consider these and other critical success factors, to be innovative despite current and future resource constraints.

CONFIDENCE in Moving Forward

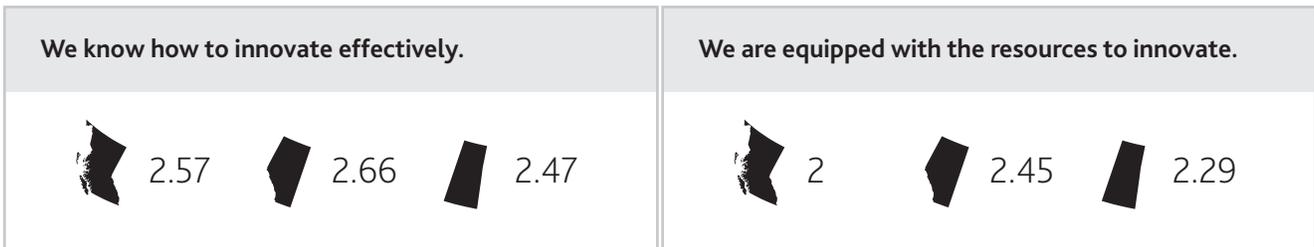
Most respondents feel they have the talent and leadership to be innovative. However, they weren't as confident they had the resources or know-how to be able to innovate effectively.



Scale of 1 (strongly disagree) to 4 (strongly agree)



Here's where the confidence drops off:



Insight:

While respondents expressed a high level of agreement that they have the leadership and staff talent to be innovative, their agreement on the capabilities and resources to execute is markedly lower.

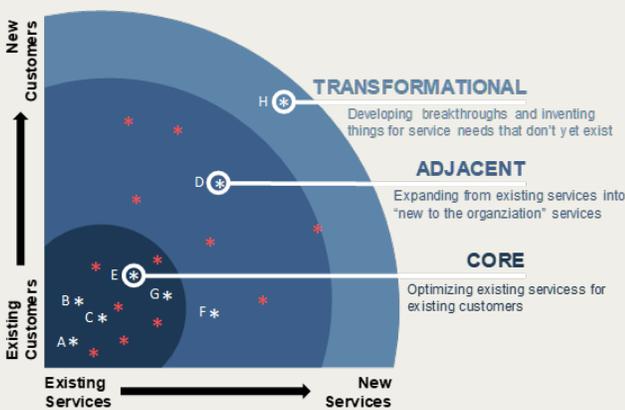


NEXT Steps

Local governments in B.C., Alberta and Saskatchewan share experiences and concerns about managing services and citizen demands. Recognizing new approaches will be necessary to succeed. However, from the survey results of the 145 municipal leaders who responded, it is clear innovation is viewed as a funding - and human capital-intensive initiative.

Tight budgets and staff issues around ineffectual processes and expanded roles were major concerns, with comments such as “we can’t afford to be innovative” and “we don’t have enough people” resonating across the surveyed provinces. Innovation was also often viewed as a disruptor, with both internal and external stakeholders resisting change and holding on to the status quo.

Yet, several governments showed how innovation was more about approach and attitude than funding. Innovation is a range of possibilities and may look different to different audiences, from obtaining broadband access in a geographically remote community to an urban centre investigating “smart city” technology. The possibilities can be linked to an innovation heat map starting with optimizing existing services for existing customers / citizens (core), all the way through to transformational initiatives that focus on developing breakthroughs for service needs that don’t exist yet. Municipalities with leadership and citizens open to change, including being adaptable and willing, find ways to pursue their innovation game plan and find ways to drive their community forward.



Be Strategic When Planning and Executing Your Initiatives

YOUR GAME PLAN



Evaluation

The results of this survey present challenges and solutions local government leaders across the three provinces have experienced in seeking to provide the best services for both their citizens and their staff. Their insights provide others with inspiration and sources of comparison to evaluate their own progress, highlighting questions such as:

- What are my community’s core and adjacent innovation needs?
- How open is my local government to looking into new ways of delivering services?
- Are our internal processes efficient and effective in today’s evolving environment?
- Is there a clear direction and strong leadership for improvement?

If you want to review your self-evaluation or the contents of this report, MNP would be pleased to set up a meeting to discuss it further with you.

Acknowledgements

We would like to give our sincere thanks to all respondents who took the time to complete the survey and share their stories and ideas. MNP is proud to reinforce our commitment to local government in Canada by investing in this Western Canadian survey. The survey would not have been successful if we did not have the right partnerships in place with provincial associations.

We would like to acknowledge our partners associations:

- Local Government Administration Association of Alberta (LGAA)
- Local Government Management Association of British Columbia (LGMA)
- Rural Municipalities of Alberta (RMA)
- CivicInfo BC
- Saskatchewan Urban Municipalities Association (SUMA)
- Alberta Urban Municipalities Association (AUMA)



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