

# Building the capacity for change in cities

*Insights from the Deloitte-ThoughtLab Global City Survey*

A report from the Deloitte Center for Government Insights



**Deloitte.**  
Insights

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# Introduction

**C**ities around the world are currently trying to rebound from the public health and economic difficulties thrust upon them by the pandemic and build resilience for future shocks. Realizing their goal of developing the city of the future requires city leaders to build up the cities' capacity for change in multiple domains.

Deloitte collaborated with ThoughtLab to survey 200 city leaders and 2,000 citizens globally to better understand the ways in which cities are becoming future-ready and building their capacity for change. The survey suggests a clear movement toward rapid digitization and improving digital access in cities. Cities are also aiming to rebuild public trust, become more resilient to climate change, and develop a talent ecosystem for the future.

Note: "Citizens" and "residents" are used interchangeably throughout the report.



## Key takeaways

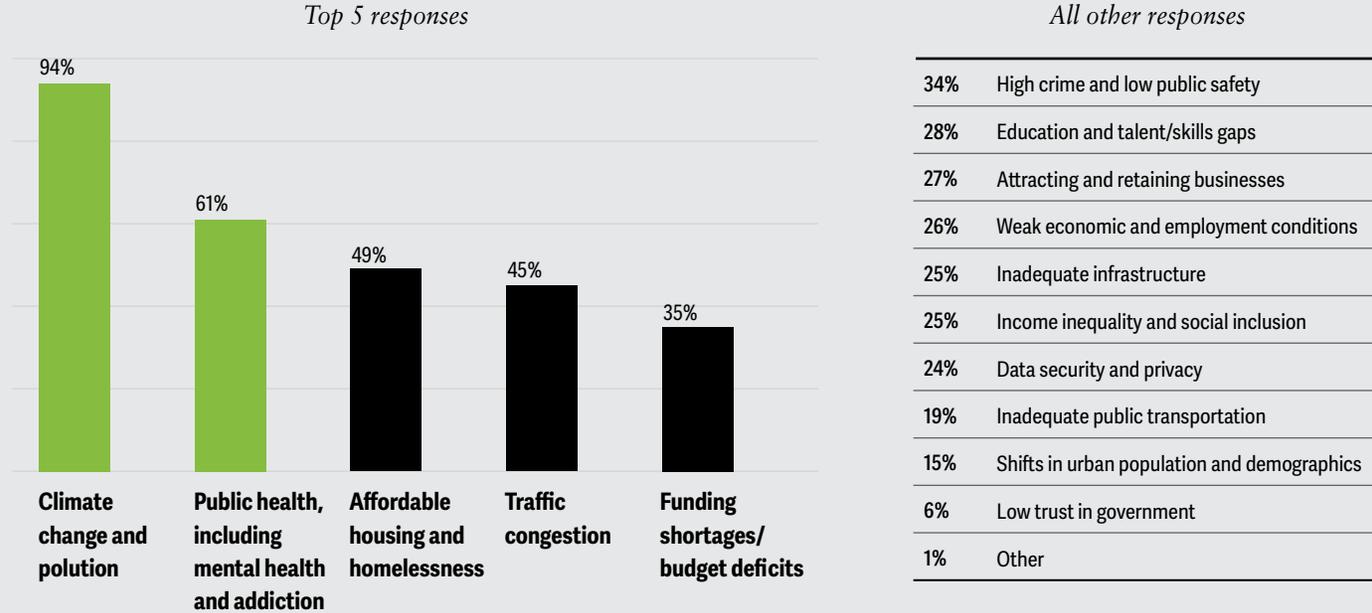
- 1.** City leaders identified climate change and public health as the most pressing challenges their cities will face.
- 2.** Many citizens, on the other hand, feel that city leaders should prioritize income equality, social inclusion, inadequate infrastructure, and weak economic conditions prevalent in cities.
- 3.** Most citizens want city leaders to do more to shore up public trust, especially by improving community engagement, public safety, and inclusion in the city's decision-making process.
- 4.** City leaders want to rapidly digitize government services and improve digital access.
- 5.** Climate change resilience is a key goal for cities—including developing sustainable modes of transportation and using data and technology to improve monitoring and predictive capabilities.
- 6.** City leaders are also building talent resilience to plug skills gaps and driving partnerships in the broader talent ecosystem.

## City leaders identified climate change and public health as the most pressing challenges their cities will face

Ninety-four percent of city leaders surveyed indicate climate change and pollution as the biggest challenge they will face over the next five years.

Public health, including mental health and addiction, challenges can severely burden social care services in cities.

## Which of the following are the biggest challenges your city will face over the next five years?

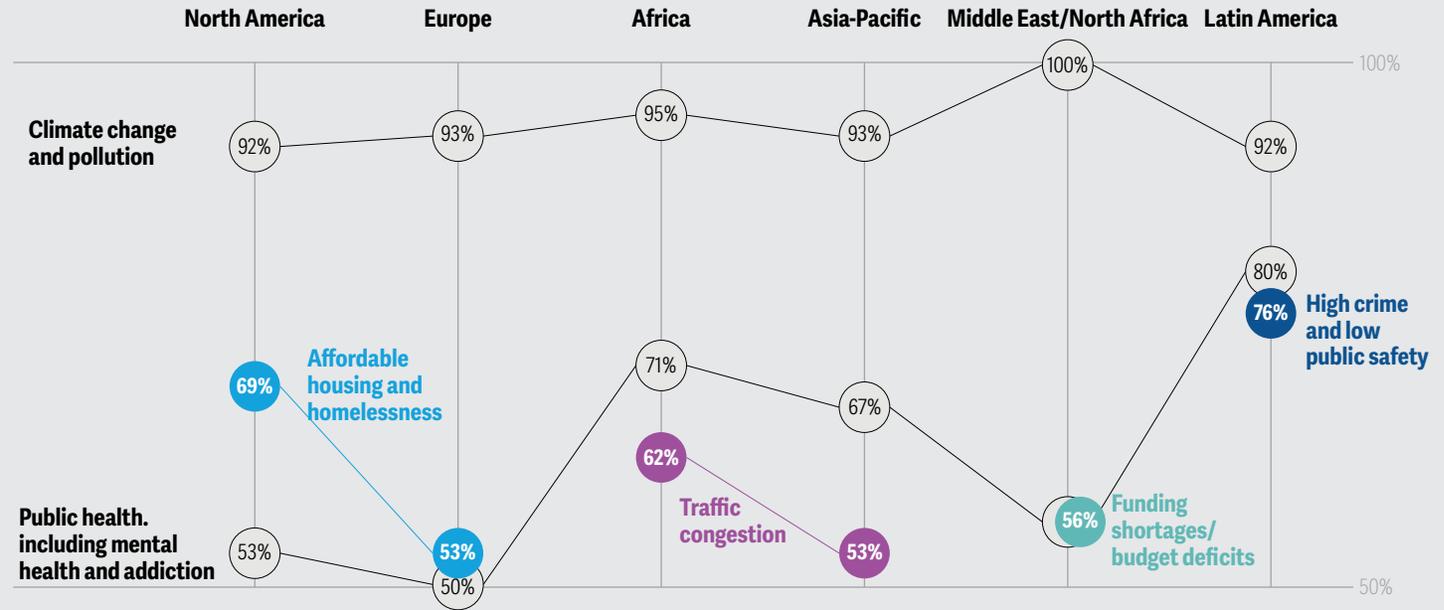


Source: Deloitte-ThoughtLab Global City Survey, December 2022.

**Beyond public health and climate change, city leaders globally continue to grapple with persisting challenges such as housing insecurity and congestion**

City leaders in developing economies continue to struggle with traffic congestion and public safety, while cities in developed economies face housing insecurity and affordable housing challenges.

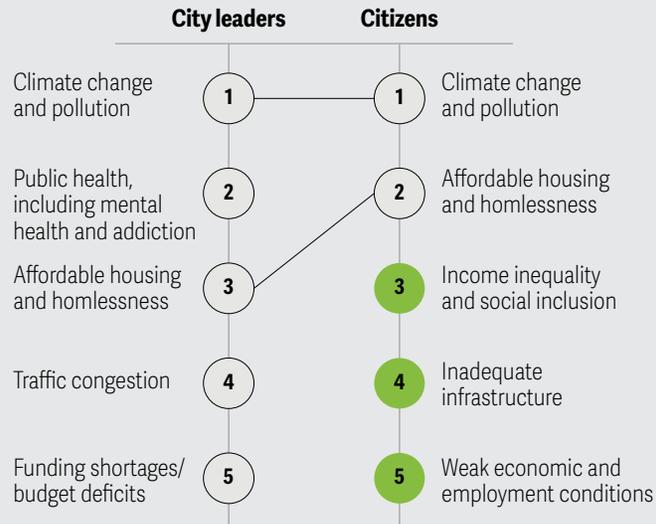
**Cities in developing economies continue to struggle with traffic congestion and public safety, while cities in developed economies face housing insecurity and affordable housing challenges**



Note: The figure depicts the top three challenges in each region.  
 Source: Deloitte-ThoughtLab Global City Survey, December 2022.

**City leaders and citizens have differing views on some of the biggest challenges cities face; citizens consider the quality of life and social issues to be bigger challenges**

### Which of the following are the biggest challenges your city will face over the next five years?

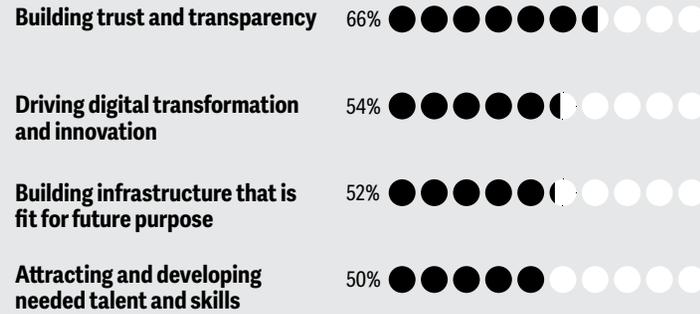


Source: Deloitte-ThoughtLab Global City Survey, December 2022.

- Both city leaders and citizens surveyed cited climate change and pollution as their biggest challenge.
- Where citizens and city leaders differ is that citizens included income inequality and social inclusion, inadequate infrastructure, and weak economic and employment conditions among their top 5 challenges.

**All city leaders surveyed reported creating plans to bolster capacity for change to meet the evolving needs of citizens and businesses**

### **How much progress has your city made in addressing the following elements of a future-ready city?**

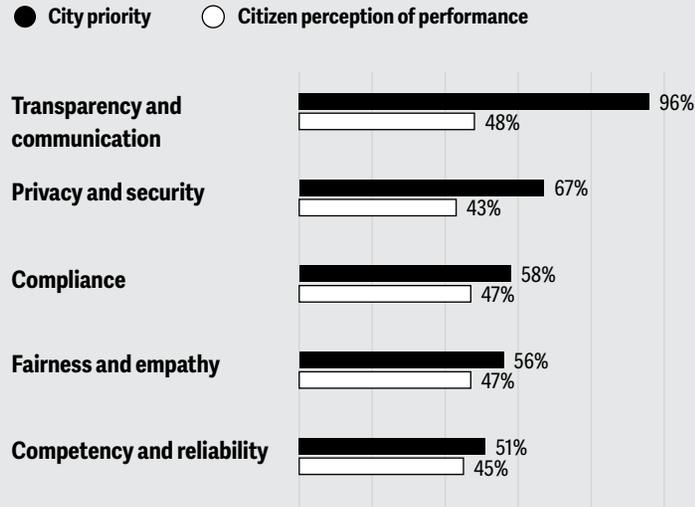


Source: Deloitte-ThoughtLab Global City Survey, December 2022.

- However, there is a long way to go to make these plans comprehensive and articulate a vision for the future.
- City leaders surveyed reported making the most progress in four areas to build the capacity for change.

**City leaders are primarily focused on transparency and communication but should consider pivoting to other attributes to improve public trust**

### **Trust attributes cities are currently prioritizing vs. citizen perception of cities' performance on the trust attributes**



Note: Citizen perception denotes citizens rating cities' performance on the trust attributes as "good" and "very good."

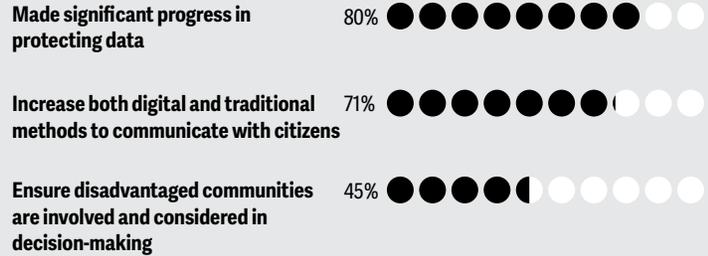
Source: Deloitte-ThoughtLab Global City Survey, December 2022.

- [Rebuilding trust](#) is often important to help city governments to deliver on various missions such as service delivery, enforcing rules and compliance, and protecting citizens.
- However, residents may expect more from city leaders to shore up public trust. Less than half of the residents surveyed globally report cities' performance as "good" and "very good" on the five trust attributes.
- As mentioned previously, income inequality and social inclusion is a major challenge, called out by nearly 43% of surveyed residents. City leaders may need to do more on improving community engagement and drive the fairness and empathy trust attribute.

**There is a need to address gaps in the areas of social inclusion, engagement, and public safety to rebuild public trust**

## City leaders' focus areas for building public trust

### Present



### In five years



Source: Deloitte-ThoughtLab Global City Survey, December 2022.

- City governments surveyed all over the world have made significant progress in taking measures for safeguarding data and data privacy, with 80% of cities surveyed globally reporting significant progress in that area.
- Cities are increasingly using “phygital” (physical+ digital) channels to communicate with citizens and build trust.
- Phygital platforms can enable participation, but cities should ensure they are more inclusive.

## City leaders plan to accelerate digitization of services, along with improving and expanding digital access

City leaders surveyed recognize the importance of improving digital access, which includes the availability and affordability of digital connectivity and digital devices.

Cities intend to work with ecosystem partners to address digital equity and access issues. More than 60% of city leaders surveyed say they want to ensure equitable distribution of 5G services in cities and urban areas.

## City leaders' focus areas in improving digital infrastructure and innovation

*Which of the actions will your city prioritize over the next five years to improve digital infrastructure and networks?*

### Digitization of citizen services



### Ensure access to affordable and reliable connectivity for all citizens



### Build a digital infrastructure that will support the growth of e-business



### Blockchain platforms to support IoT systems and secure data access



### Provide free Wi-Fi and/or access to computers at libraries and other public buildings



*Areas where cities will leverage partnerships to improve digital infrastructure*

### Address affordability/digital equity issues



### Provide access to firms' networks and/or public infrastructure



### Ensure equitable distribution of 5G infrastructure



Source: Deloitte-ThoughtLab Global City Survey, December 2022.

**As city leaders bet big on artificial intelligence and automation, they are also backing it up with governance approaches that can help drive digital innovation**

To effectively adopt advanced technologies, cities should address gaps in areas of digital talent and skills, cybersecurity, and procurement procedures.

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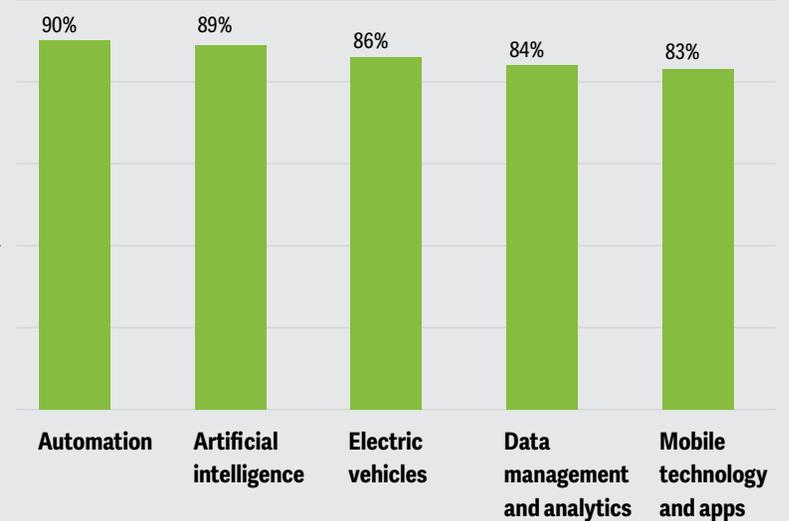
*Top 3 digital innovation approaches globally*



*Top 3 areas to build resiliency in digital innovation*



*Top 5 technologies cities are planning to use in next 5 years*



Source: Deloitte-ThoughtLab Global City Survey, December 2022.

## Many cities plan to enhance data-sharing within and outside traditional departmental boundaries

### Approaches and benefits of data management and sharing

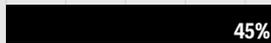
*Data management and sharing help cities to ...*

**Achieve social, environmental, and economic goals** 47% 

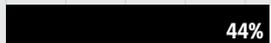
**Drive effective, evidence-based decision-making** 47% 

*Data management and data-sharing approaches*

**Ensure appropriate budget for data management**  46%

**A data management system that integrates data across departments**  45%

**Work with businesses and other entities outside of government to gather data**  45%

**Regulatory environment that supports the ability to use, develop, and manage data**  44%

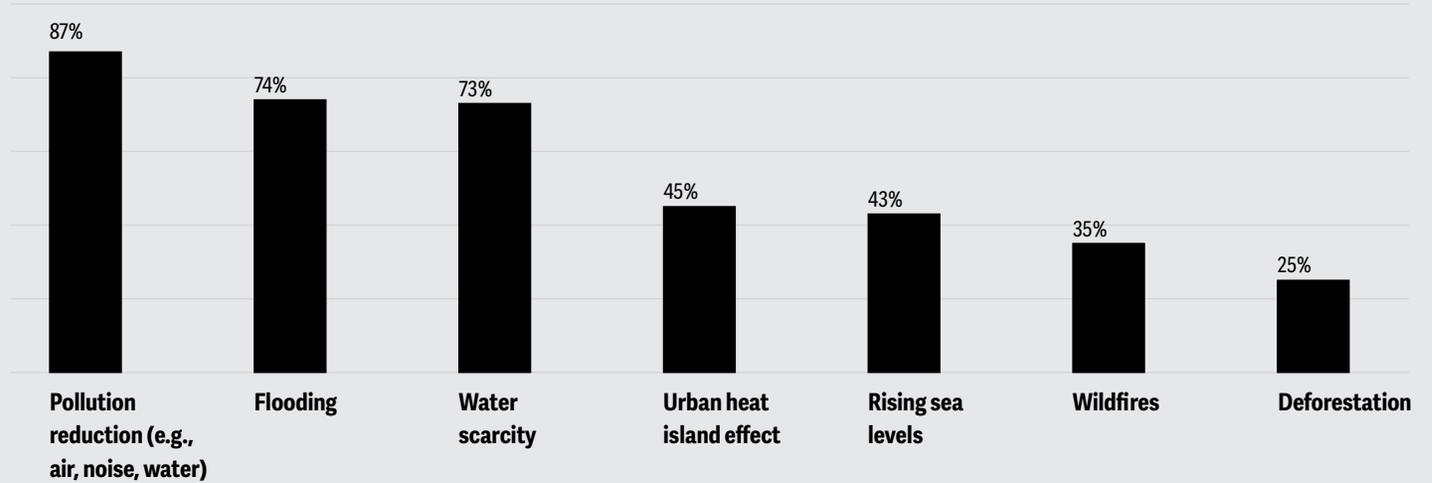
Source: Deloitte-ThoughtLab Global City Survey, December 2022.

- Integrating data beyond traditional jurisdictional boundaries can enable city governments to provide [life events-based services](#) to their citizens.
- However, [improving data-sharing](#) within and outside government boundaries can be challenging.
- City leaders can tackle this by focusing on driving stakeholder buy-in by showing the business value of sharing more data and being transparent about data usage.

**City leaders surveyed are focused on building environmental resilience to tackle growing challenges of pollution, flooding, and water scarcity**

Although not a major challenge in many surveyed cities currently, rising temperatures and the creation of urban heat islands are growing environmental challenges. More than half of North American and Latin American city leaders surveyed called it a priority area for their cities.

**Priority areas for cities globally to build environmental resilience**



Source: Deloitte-ThoughtLab Global City Survey, December 2022.

## To tackle pollution, cities are refocusing on public transit and other sustainable modes of transport

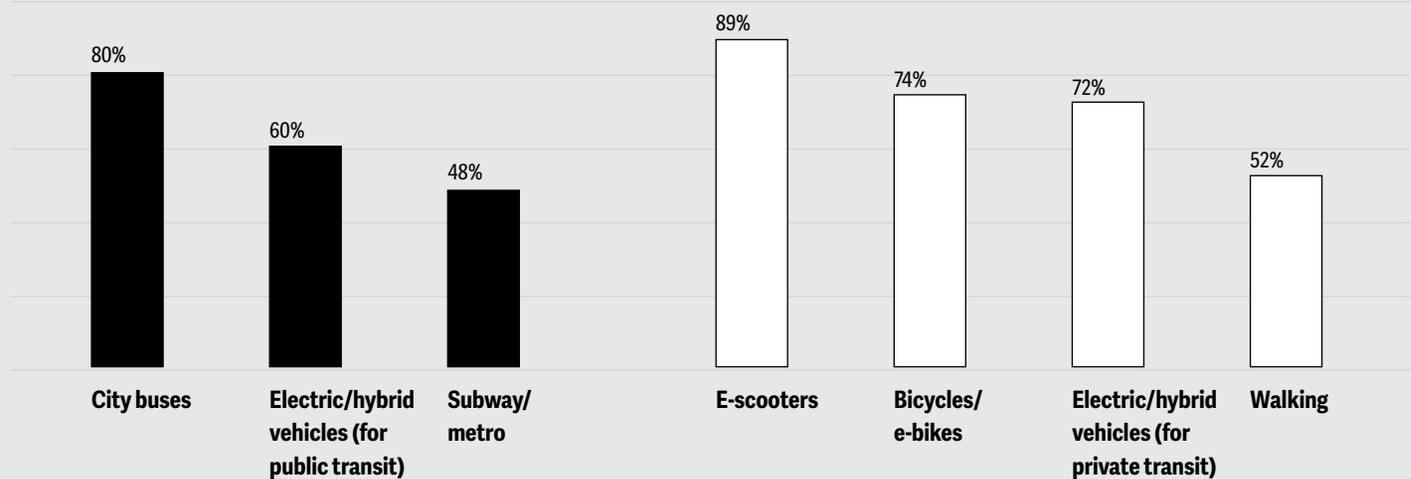
Cities may need to change the way they view urban infrastructure development to create green, sustainable walkways or bikeways.

Lack of uptick in [public transit ridership](#) after the pandemic is a key challenge for many cities globally. Ensuring riders come back to public transit will likely require transportation strategies that address riders' changing needs (due to hybrid work, for example), while ensuring public transit remains affordable and inclusive.

## Cities push toward increasing the use of public and other sustainable modes of transport

*Percentage of cities globally planning to increase the usage of public transit modes in the next 5 years*

*Percentage of cities globally planning to increase the usage of other sustainable modes of transport in the next 5 years*

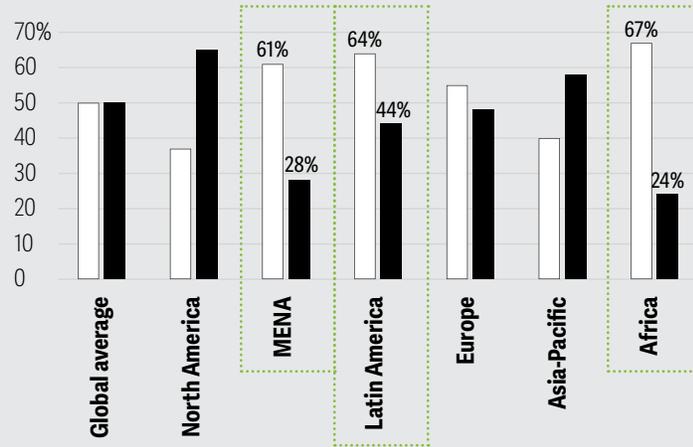


Source: Deloitte-ThoughtLab Global City Survey, December 2022.

**Most cities across regions have made little progress in attracting and developing needed talent and skills**

**Middle Eastern/North African (MENA), African, and Latin American cities are struggling with talent and skills shortage**

- Shortage of needed skills and expertise
- Made "good" and "very good" progress in attracting and developing needed talent and skills



Source: Deloitte-ThoughtLab Global City Survey, December 2022.

- Nearly 50% of cities surveyed globally report shortage of skills and expertise as barriers to achieving their future-ready goals.
- North American (65%) and Asian (58%) cities report making good or very good progress in attracting and developing the needed talent and taking steps toward plugging the skills gap.
- African (24%) and MENA (28%) cities have made the least progress in plugging the talent gap.

**Cities are looking to match skills with demand and using data to match candidates with jobs to plug the talent gap**

## Future plans of cities to improve their talent ecosystems

*Cities will leverage partnerships to improve the talent ecosystem*

**Work on workforce development and job creation for under-skilled individuals** 64% 

**Align higher education programs with local industry needs** 61% 

**Build a talent pipeline for businesses/match skills with demands** 58% 

*Actions that cities will prioritize to develop talent in the next 5 years*

**Use data and algorithms to match candidates with available jobs** 64% 

**Develop the talent and skills that are important for businesses** 58% 

Source: Deloitte-ThoughtLab Global City Survey, December 2022.

## CASE STUDY: BUILDING A TALENT ECOSYSTEM IN ALMATY, KAZAKHSTAN

Almaty city has taken rapid strides in making itself an attractive destination for students and workers. The city has 38 universities with a student population of about 182,000, which is nearly 10% of the city population. The city has created a thriving local economy and focused on improving livability parameters, including smart infrastructure, digital services, and building a cosmopolitan atmosphere.



## Recommendations and next steps

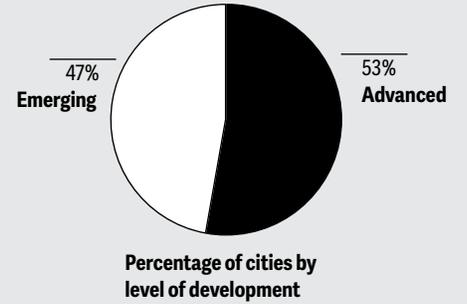
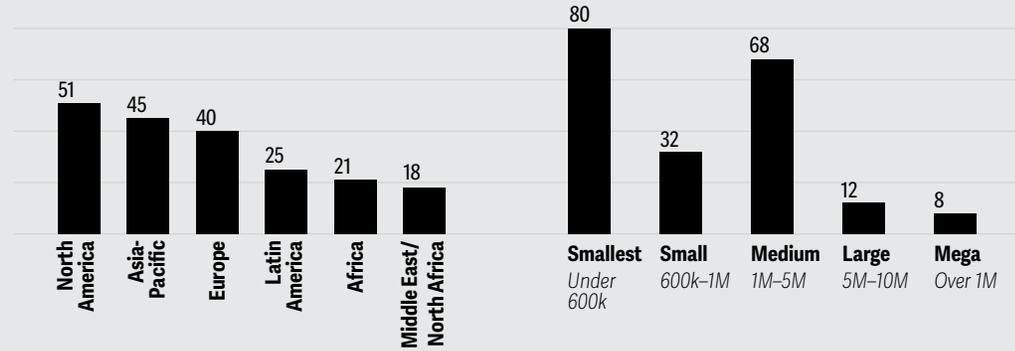
City leaders should deploy a mix of strategies to tackle the big challenges and build resiliency for future shocks. Building partnerships and working closely with different stakeholders will be key to achieving collective outcomes for the city:

- **Lead with trust.** The success of local actions, initiatives, and investments could depend on building broader public trust. City leaders often primarily focus on building transparency and protecting data; there should be a deeper focus on social inclusion and building trust in communities and local networks.
- **Focus on building cross-border partnerships.** As city leaders try to address multiple challenge areas, they should consider building partnerships with a broader ecosystem, including the private sector, technology firms, startups, academia, social enterprises, and community organizations, to drive a collective impact.
- **Strengthen technology and data governance.** As data and technology become ubiquitous, city leaders should focus on improving the governance of new emerging technologies, enable data-sharing, and ensure data privacy and security.
- **Drive green transition.** Green transition can be challenging, and city leaders should tap into the power of artificial intelligence and data analytics to drive decision-making. Moreover, retrofitting older buildings and structures with green technologies to improve energy efficiency could be critical.
- **Build a future-ready talent ecosystem.** Talent will be a key differentiator for cities, and developing a thriving local economy may need working closely with different stakeholders to help build a future-ready talent pipeline.



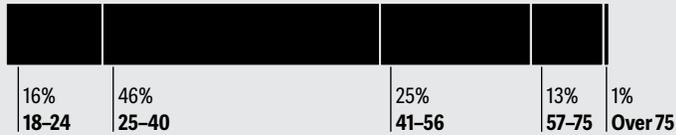
# Survey methodology

200 total cities surveyed in 67 countries



2,000 total citizens surveyed across 20 different regions

Citizens by age



Citizens by gender



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The Deloitte Center for Government Insights shares inspiring stories of government innovation, looking at what's behind the adoption of new technologies and management practices. We produce cutting-edge research that guides public officials without burying them in jargon and minutiae, crystallizing essential insights in an easy-to-absorb format. Through research, forums, and immersive workshops, our goal is to provide public officials, policy professionals, and members of the media with fresh insights that advance an understanding of what is possible in government transformation.

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