



# LOCAL GOVERNMENT TRANSFORMATION INSIGHTS

A Public Sector  
Network Post Show  
Report by KPMG



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# Content



<b>About the series</b>	<b>3</b>
<b>Focusing on the why</b>	<b>4</b>
<b>Culture and readiness as highest priority</b>	<b>4</b>
<b>Delivering on the digital promise</b>	<b>5</b>
<b>Purpose and capacity</b>	<b>5</b>
<b>Reimagining services</b>	<b>6</b>
<b>Journey to the cloud and the value of data</b>	<b>6</b>
<b>A note on cyber</b>	<b>7</b>
<b>Key takeaways</b>	<b>7</b>



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## About the series

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### **Recently, KPMG worked with the Public Sector Network to support the Local Government Transformation series, focusing on whole-of-council digital transformation.**

The series of in-person events included key senior public sector professionals from various local government organisations. The focus was on generating ideas and sharing insights on driving digital transformation.

Events were held across the country, including in Adelaide, Brisbane, Perth, Melbourne and Sydney.

#### **Participants were asked a series of questions and these are the results:**

- 31% of respondents indicated Culture and Readiness as their highest priority for their modernisation journey.
- Agility was the highest key driver (44%) in moving to the cloud.
- The key challenges in becoming more data driven, are skill and capability, system integration and data integrity.
- 55% of councils are using integrated systems and data analytics and reporting 52% to address the challenge of optimising their assets compare to IoT (10%) and Digital Twins 4%.
- When asked how to describe your organisation's capability to review and optimise services, 46% of responses said they are planning a service review program followed by 20% only doing ad hoc reviews.
- 55% of respondents are improving culture and by defining and embedding values, followed by connecting strategy to performance 52% and training and development 49%.
- In regards to technology, improving customer experience and/or customer experience design (36%) is the number one key focus for councils over the next 12 months. This is followed by enhancing availability and integration of data to inform decision making (25%).

The roadshow clearly highlighted that the desire for digital acceleration and adoption of a data-driven focus is stronger than ever before, and that there is an emerging realisation that technological transformation goes hand in hand with culture transformation.

There was also discussion of the distinction between 'modernisation' and 'transformation'. For many councils, the potential to make a transformative 'leap forward' is constrained as the key building blocks are not in place. This makes modernisation a more pressing agenda for many, but with a focus on addressing complex and legacy technology architecture, moving away from unsupported platforms, and better aligning the organisational model of council with its strategic priorities.



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## Focusing on the why

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Insights from the PSN series suggest the importance of communicating the “Why?” across different user groups with different perspectives. The benefits of transformation represent a powerful strategic narrative, providing a focus for organisations and individuals. Without clear articulation of the vision, staff may be reticent to change legacy processes and ways of working.

Ultimately, the drivers for change in an organisation are about customers and people. Modernisation gives customers an improved experience while it empowers council teams to optimise the infrastructure and amenity that the community enjoys.

With better data and processes, teams can make smarter more strategic decisions about maintaining, replacing and renewing assets – improving the liveability of communities and building trust in the council’s brand.

For the workforce, these changes can remove many of the current constraints to delivering services. Frictionless processes and tools make council a better place to work, allowing for more focus on delivering community outcomes and supporting better management of compliance and risk. For many councils, modernisation represents a platform for uplifting organisational culture, addressing not just what an organisation does, but how it does it.



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## Culture and readiness as highest priority

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Live event polling showed culture and readiness as the top priority among local governments on their modernisation journey. In particular, transforming the way people think about working in council and how they behave with each other and their customers.

Of the regions voting for this priority, Melbourne had the clear lead in votes. This comes as no surprise considering they were the most locked down city in the world at one point and underwent drastic change with the implementation of harsh restrictions.

All aspects of culture are critical during intense periods of change as it assists people in making sense of the challenges and uncertainties before them.

A focus on culture provides local governments with the stability needed for long-term survival. It can be thought of as the unwritten rules of an organisation that are communicated by how people behave and what they reward and discourage. For people to be accepting of the change and supportive of the mission, strategy and goals of the organisation, culture needs to be embedded across all aspects of local government.



## Delivering on the digital promise

The second highest modernisation priority revealed through voting was delivering on the digital promise. Disruptive business models and new technologies have made it difficult for local governments to keep up with the required transformative changes desired by their customers.

There is a strong desire for this among most councils, particularly in South East Queensland where the prospect of hosting the Olympics may be accelerating the push for digital transformation.

Keeping up with technologies and innovation is critical for councils as they strive for sustainable business models and continued relevancy. Organisations with a commitment to continuous improvement are better equipped to tackle challenges and deal with disruptions such as the pandemic.



## Purpose and capacity

Live polling during the events found that culture and capability could be most improved by defining and embedding values, connecting strategy to performance, and leadership development.

To deliver on a transformation program, teams must be aligned with the transformation strategy through clear priorities, goals and cascading KPIs. Organisations should provide a clear link between transformation and overarching purpose while building the capacity to lead and sustain culture through change.

Sourcing the required technical skills is a consistently significant hurdle and an increasing challenge for councils and other sectors. To address the challenge, councils are adopting different models to acquire talent with fresh thinking about how to train and develop.

Strong leadership is critical during periods of significant change and it should be enhanced by a shared purpose and narrative, reflecting your organisations values and linking through to performance.

Successful transformation requires a clear articulation of, and alignment around, the purpose and promise of the organisation. There is value in leaders shaping the narrative aspiration of the organisation together, and regularly returning to that narrative with stakeholders, leaders and staff.

Leading in times of change is also about looking outward and forward to sense trends and disruptions in the business environment and setting this as an expectation and skillset for leaders at all levels. It is about helping people to embrace innovation and creating the conditions that enable a culture of continual adaptation.

The pandemic has impacted cultural change within organisations with local governments pivoting from office-based to remote work. Innovation, agility and the ability to have an employee workforce move quickly through different operating environments is now extremely valuable.

Wingecarribee Shire Council has embedded a culture of innovation to move forward on their customer experience improvements. They focus on strong leadership, accountability and empowerment, including a culture of care and consistent communication.

Source: <https://home.kpmg/au/en/home/insights/2022/08/digital-transformation-leadership.html>



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## Reimagining services

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Polling shows that most councils are planning a service review program, but only very few are actively driving service improvement from an established review program.

Before re-imagining services, councils need to get clear on what their services are, how they're defined, and whether the right delivery model is being deployed.

Connection with customer strategy is critical here. Understanding who customers are and what they need is an essential precursor to making good decisions. Councils can use customer journey mapping to understand which end-to-end touchpoints and interactions can be streamlined, automated and digitised to improve customer experience and service delivery.

This process requires a new mindset that places the customer at the centre, recognises the need to break down siloes within organisations and sees digital technology as an enabler of improved service.



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## Journey to the cloud and the value of data

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Councils see agility as the main reason to adopt cloud technology, although they acknowledge that the reality or possibility of having unsupported technology is also a significant driver.

Implementing cloud technology is key to becoming a more data driven organisation, but our polling indicates that skills and capability, system integration and data integrity are the main roadblocks councils face in achieving this objective.

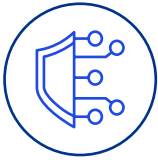
Data that's disconnected is radio silence – it's not telling you anything of value. Data isn't complicated when you have the right standards, systems and integrations to pull it all together. When you achieve this, you position the organisation to make much more value adding decisions about how services are delivered, and resources are deployed. Focus on identifying use cases for analytics which can begin to bring together disparate data sets to inform critical decisions and trigger an appetite for further integration and help educate around the need for data standards. Data integrity is a major challenge.

The integration of systems and ability to leverage data analytics and insights for decision making are key focus areas for councils looking to optimise the way they manage and renew their asset portfolios. Councils can realise significant gains by investing in data intelligence in this space.

Effective use of data in decision making requires the right standards, systems and integrations to pull it all together. Councils can benefit from identifying use cases for analytics and uniting disparate data sets to inform critical decisions. This work can trigger an appetite for further integration and can help educate around the need for data standards.

The polling tells us that technology alone is not the answer. Other areas of focus should include having an aligned asset management strategy, contemporary project delivery, and robust program management.

Fewer councils are adopting IoT or Digital Twin technologies, this maybe an indication of maturity and the need to get the key building blocks in place first.



## A note on cyber

With only 4 percent of polling respondents ranking cyber as a priority, it seems there is still education to be done in this space.

Cyber security is a key transformational priority for councils as they move to a more modern digital services model. This journey also requires an integrated and holistic approach to maximise councils' return on investment and to enable innovation while ensuring technology is fit for purpose.

From the beginning, it is essential for councils to find efficient digital solutions with security in mind. They should consider cyber security best practice frameworks, strategic investment and cyber security requirements within the scope of transformational projects.

### Cyber security challenges faced by councils include:

- How to maintain staff trust while elevating maturity
- Getting a handle on which systems are unique or 'snowflake'
- Understanding which systems are leveraged from a central governing body

These factors inform the risk profile of each system, responsibilities and accountability for cyber security.

If a system is under the umbrella of council accountability for cyber security, cloud adoption can be key to obtaining lower total cost of ownership while maintaining highly effective security controls.

Periodic and continuous risk and posture assessment, as well as holistic technology roadmap planning for best practice framework alignment can provide councils a model for cyber resilience.

## Key takeaways

### Focus on the why

– and recognise that this will be different for every council based on community needs, organisational maturity and intrinsic culture.

### Digital transformation requires cultural transformation

– councils are 'people businesses', and successful technology investment requires a mindset change, one that puts the customer at the centre and embraces new ways of working.

### Modernisation as a platform for transformation

– investing in the building blocks can enable the big leaps. To build agility and flexibility into an organisation, it first needs a strong core – 'organisational pilates' if you like. Having clarity of strategy, alignment with purpose, a strong customer and service focus, and a clear roadmap towards building an aligned and integrated system environment are key areas to drive focus and investment

# Let's chat



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