



Unlocking capabilities to uplift service experience

PSN Local Government Roadshow

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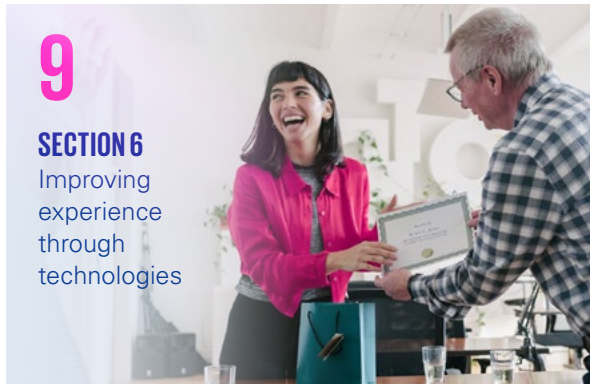
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The Public Sector Network (PSN) Local Government Roadshow 2024 was held in Adelaide, Perth, Brisbane, Melbourne, Sydney and Wellington across the month of April. The roadshow brought together executives and managers from across the local government sector as well as private industry experts and leaders in local government solutions.

This year's roadshow highlighted the continuing need for innovation in local government. Councils face the dual challenge and opportunity of adopting technology and fostering workforce agility to deliver on increased community expectations for personalised, life-enhancing services. Despite budget constraints, rising costs, reduced government grants and ageing infrastructure, innovation is crucial for creating value in service delivery and meeting community demand for improved liveability.



SECTION 1

Empowering local government with KPMG's Cities of Value framework and digital innovation

Although every council aims to centre its services around community value, finding the way to balance service delivery value with complex stakeholder needs can be challenging. To address this, KPMG introduced the [Cities of Value framework](#) to guide councils in the delivery of public value through digital innovation, physical infrastructure and sustainability.

The PSN Roadshow focused on the use of digital technologies and data to improve connectivity, resource allocation, community experiences, and maintain trust with a strong focus on security and privacy.

Embracing digital transformation while maintaining financial stability and meeting the demands of the community requires a focus on the following:

- **Community centricity** – prioritising the needs of the community in service design.
- **Collaboration and partnerships** – engaging in multi-sector collaboration across all tiers of government, educational entities, private sectors, community groups, and non-profits.

Across the roadshow's six events, key themes emerged around improving citizen, customer and community experience through:

- creativity and innovation
- service design
- technology
- people and culture
- partnerships and collaboration
- security and safety.

These themes shifted from the exploration of 'why' (which in recent times has been prosecuted at great length) to focus on the 'how'.

This report provides practical guidance, case studies and insights from both local governments and private sector partners who attended the roadshow.

SECTION 2

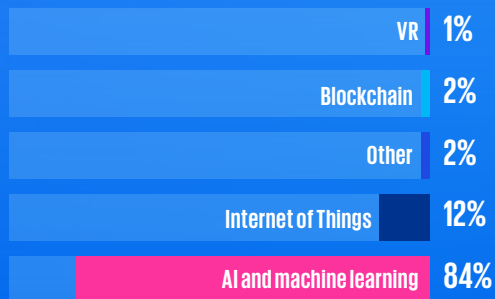
PSN poll results across Australia and New Zealand

61% of councils see financial sustainability as an immediate priority

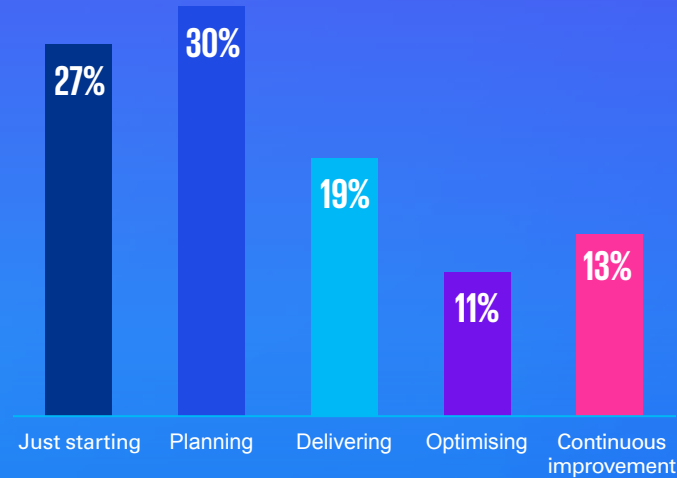


Local government leaders across Australia and New Zealand believe that budget constraints and financial sustainability are the most pressing challenges they face today. Western Australia is the only state where this was not listed as the most pressing challenge – the pressure from rising demands and service expectations was the state’s top challenge.

The majority of respondents believe that AI and machine learning will have the biggest impact on local government operations in the next two to three years



Council capability to review and optimise services varies. More than 50% are either just starting out or still planning their service review program.



35%

35%

60%

46%

70%

32%

35% of NSW councils represented are at the planning stage, with a relatively even distribution across all other categories.

WA has the greatest variance within the state with significant councils just starting out (35%) and at continuous improvement (19%).

Most councils in QLD (60%) are in the planning or delivery stages and the state has low representation at either end of the spectrum.

SA has the highest percentage (46%) of councils just starting out with only ad hoc service reviews and processes.

VIC has the greatest proportion of councils already delivering, with 32% in delivery and a further 25% optimising or at continuous improvement.

In NZ, more than 70% of councils are in the two first stages and are yet to transition into service review delivery.

70% of respondents are actively considering the implementation of AI

14% express uncertainty regarding the safety or utility of AI

For those seeking to implement AI, **operational efficiency** and improvements in the **quality of services** they offer to their communities are the primary drivers.



SECTION 3

Key challenges for local councils right now

KEY TRENDS IN LOCAL GOVERNMENT

The results from our recent roadshow highlight the pressing challenges and opportunities facing local governments across Australia and New Zealand.

Opportunities for enhanced citizen value

From budget constraints and financial sustainability to the transformative potential of AI and machine learning, it's clear that councils are navigating a complex landscape as they shape the future of local government. By addressing these challenges and harnessing the opportunities, councils can enhance service delivery, improve financial sustainability and better serve their communities.



Budget constraints and financial sustainability emerged as a common challenge across all locations. This underscores the importance of strong leadership, disciplined commercial thinking and the imperative to harness creativity and innovative ideas from the workforce to optimise resources.



Communities are increasingly demanding a service experience similar to the personalised, seamless services offered by other sectors.



Councils are exploring **digital solutions and AI** to uplift service experience, but ensuring a clear return on investment is challenging and the 'human touch' in service delivery is still a critical requirement.



Attracting and retaining talent is still a challenge and a focus area for councils.



There is growing use of **partnerships and collaborative efforts** as ways of overcoming challenges and resource constraints.



Getting the data foundations right is an important enabler for improving internal and external transparency around performance drivers.



SECTION 4

Improving experience through creativity and innovation

“Everyone can be creative; they just need the encouragement and permission to think differently.”

JANE STROUD

Chief Executive Officer, Kiama Municipal Council

Local governments stand at a critical juncture where fiscal prudence and resource optimisation are not just preferred but are now essential for continued service to communities. Increasingly, budgetary restrictions coupled with the need for financial sustainability present complex challenges. Solving these requires collective effort where leadership sets the tone by thinking strategically and commercially while enabling the entire team to contribute, with fresh, cost-saving ideas and solutions.

CASE STUDY

The City of Prospect has created a forum for innovative ideas called ‘The wrecking ball’. Every two months, a cross-section of employees are invited to meet for pizza and discuss a tough problem within the business. This serves as a development opportunity for those who participate, and creates a forum for leveraging diverse perspectives and experience – and identifying left-field or innovative ways to solve business problems.

CITY OF PROSPECT (SA)

KEY INSIGHTS

- + Local government needs to innovate daily in multiple different ways and in a resource constrained environment.
- + Leaders should focus on creating a culture that will allow their team’s ideas to be captured and followed through on.

TOP TIPS

- **Developing innovative solutions in challenging times:** Whether due to financial constraints or an emergency event, inventive solutions are required. The best ideas will often come from those at the frontline.
- **Embracing risk for progress:** Acting on ground-level insights and ideas requires leaders to accept a level of risk. Not all ideas will work, and some may trigger a negative response from councillors or the community.
- **Having patience in progress:** The value of learning from failure and delayed measurement is often understated. Have the courage to fail and don’t be too quick to measure outcomes. Every failure is an opportunity to learn and improve.
- **Fostering innovation:** For innovation to thrive, cultivating diversity and open dialogues, and resourcing creative endeavours are key. Bring a diverse group of people together and encourage a frank exchange of views and ideas. If necessary, provide a financial investment, tools or training to foster the opportunity for creativity-enabled organisation for sustainable growth and success.

SECTION 5

Improving experience through service design

“Personalised service often trumps an automated service for ‘customers’ of council. Experience should be quick and knowledgeable – but most of all, caring.”

KEIRSTYN SPENCER

Partner, Local Government, KPMG Australia

In today’s fast-paced world, consumer expectations evolve rapidly and are shaped by advances in technology and the increased standards set by the private sector. As people grow accustomed to the tailored and frictionless experiences provided by sectors such as retail, technology and hospitality, their expectation for similar levels of service in their interactions within their own communities grow. Local governments face mounting pressure to adapt to this new reality by revamping their service delivery models to mirror those of the private sector.

CASE STUDY

As part of their business transformation program, MidCoast Council developed needs-based personas to help identify how to improve key customer journeys. Personas include ‘The Straightforward’, ‘The Dependable’ and ‘The Civic-minded’. These enable an understanding of a customer’s service experience by navigating their different needs from start to finish, and cutting through noise to get to the heart of what will meaningfully uplift the experience.

MIDCOAST COUNCIL (NSW)

KEY INSIGHTS

- + Most councils are in the early stages of reviewing and optimising services
- + Gaining clarity on service levels and costs enables more transparent conversations with communities about service priorities.
- + Balancing resource constraints against community needs is often a key challenge.

TOP TIPS

- **Use a human-centred approach:** When designing solutions and delivering services, ensure the customer is considered from end to end. This involves making customer centricity your focus and investing in new capabilities as needs and expectations evolve.
- **Align the front, middle and back:** To deliver on promises and customer expectations, think ‘outside in’ and connect what is happening externally with changes that are needed internally. Break down silos to become a service-led, digitally-enabled organisation for sustainable growth and success.
- **Balance personalisation with automation:** With the increasing adoption of automation and AI, make sure the human element of service is preserved. Customers want convenient, personalised and empathetic services, so consider how digital technology can ‘free up’ the time of council staff to allow for more human connection.

SECTION 6

Improving experience through technologies

“What excites me about AI? I can be on 24/7 for the community. I can respond faster. I can finally have a complete picture of the customer and their history and engage with them in a personalised manner. It will make things so easy, but it won't be simple.”

AMARITA BHATTACHARYYA

Former Chief Customer Officer, Townsville City Council

As councils seek to modernise service offerings and meet evolving community expectations, they are increasingly turning to digital innovations and AI for enhanced efficiency and user satisfaction. However, councils need to quantify a clear return on investment by balancing innovation expenditure against measurable outcomes and savings. Despite technological advancement, preserving the ‘human touch’ remains important.

CASE STUDY

The City of Unley shared their experience of incorporating AI into their analysis of community engagement responses. The team was able to generate insights by scanning and synthesising a high volume of community engagement responses on multiple online channels. Prior to automation, analysing this amount of qualitative data would have been impossible. This has allowed the community's voice to be heard more loudly in decision making.

CITY OF UNLEY (SA)

KEY INSIGHTS

- + The majority of councils are actively thinking about using AI.
- + Community expectations around technologies need to be balanced against the increased responsibility of managing sensitive data.

TOP TIPS

- **Conduct a thorough needs assessment:** Before deciding on the technologies to be implemented, delve into the specific needs of your community. To understand their preferences and pain points, engage with residents through surveys, town hall meetings, and focus groups.
- **Ensure accessibility and inclusivity:** Choose technologies that are accessible to a diverse range of users, including people with physical or cognitive disabilities. Solutions should be user-friendly and available in multiple languages if needed.
- **Invest in staff training:** Ensure council staff are thoroughly trained to use new technologies. This will not only improve the service provided but also increase employee engagement and their uptake of new systems.
- **Maintain the human element:** Technology should assist and augment human services, not replace them. Ensure there are still options for face-to-face or personal interaction, particularly for complex or sensitive issues.

SECTION 7

Improving experience through people and culture

“We run by the maxim ‘It’s the People that Make it’ – this means we invest in our people and consciously operate from a strengths-based perspective.”

LYNE MEAR

Chief Human Resource Officer, Western Downs Regional Council

Improving the community’s experience is heavily reliant on the people and culture within local government, however, councils face challenges in attracting and retaining talent. In a landscape marked by rapid technological advancements, evolving employment trends and shifting workforce demographics, councils must refine their approach to become employers of choice for innovative and committed professionals.

CASE STUDY

Toowoomba Regional Council effectively addressed significant cultural issues and low staff retention by creating a culture of psychological safety from the ground up. This strategic shift led to rehiring staff who had previously left, and the council now boasts its strong culture as a central feature of their employee value proposition, enhancing its reputation as a supportive workplace.

TOOWOOMBA REGIONAL COUNCIL (QLD)

KEY INSIGHTS

- + Employees today often look beyond salary and benefits.
- + Transforming the internal culture is key, but resistance to change can slow down or derail any effort.

TOP TIPS

- **Embrace a culture of inclusion and engagement:** Fostering a workplace environment that values diversity, equity and inclusion is essential. Councils can create a more engaged workforce by ensuring all voices are heard and valued, celebrating cultural differences and implementing policies that promote work-life balance. When employees feel respected and included, they are more likely to bring their best selves to work and provide better service to the community.
- **Invest in professional development:** Councils should prioritise continuous learning and career progression opportunities. By providing employees with access to training programs, workshops and educational courses, councils can enhance the capabilities of their people and demonstrate a commitment to their professional growth. With more experienced and motivated staff, councils can in turn improve community experience.
- **Offer competitive benefits and flexibility:** To attract and retain quality talent, councils need to offer compelling packages that go beyond the basic salary, such as healthcare benefits, retirement planning, paid time off, and family leave policies. In addition, flexible working arrangements like remote work options, flexitime, and job-sharing can help accommodate the varying needs of employees.

SECTION 8

Improving experience through partnerships and collaboration

“Good partnerships require a shared value outcome and clarity on where accountability and responsibilities lie, to avoid conflict and duplication further down the line.”

LIZ WATTS

Partner, Local Government, KPMG Australia

Enhancing the community’s experience increasingly comes down to the power of synergy. Local governments – by embracing partnerships and fostering collaboration – stand to unlock innovative solutions and improvements that one entity alone may not achieve. It is through collaborative efforts that resources can be amplified, expertise broadened, and services streamlined to better serve the collective needs of the community. This approach not only strengthens ties between government units and cross-sector, but also drives a shared commitment to the common good, ensuring progress is both inclusive and impactful.

CASE STUDY

In response to the 2019 bushfires, Kiama Municipal Council relocated their service teams to an affected settlement, forming partnerships with the community, government and non-profits. This enabled direct engagement with residents, swift resource coordination and the development of new roads for improved safety. Within six weeks, the council had collaborated on a new planning scheme which ensured long-term resilience.

CITY OF UNLEY (SA)

KEY INSIGHTS

- + Pooling knowledge and resources across councils can address skill shortages.
- + Differing structures, processes and standards can create hurdles in executing collaborative initiatives.

TOP TIPS

- **Building cross-sector partnerships:** Incorporate collaborations with government, non-profit organisations and the private sector to enhance service offerings and establish robust networks. Use these partnerships to access a collective pool of resources, knowledge and capabilities.
- **Clear framework for collaboration:** Ensure all parties have a mutual understanding of each other’s roles, responsibilities and expected contributions. This is key to building trust and efficiency among partners.
- **Unlock new capabilities through partnerships:** Consider how partnering with suppliers, or jointly funding resources between groups of councils, can inject new capabilities into the organisation without the need to find and retain expensive and hard to attract talent.
- **Leverage shared technology models:** Embrace collaborative technology initiatives that allow for the sharing of tools, platforms and systems. These can lead to economies of scale, reduced costs and streamlined processes.

SECTION 9

Improving experience while ensuring data security and safety

“Having a robust cyber security strategy aligned with the council’s goals and objectives is imperative in the new world of sophisticated threads we live in. More than tactical cyber security and hygiene, strategy is what will guide us towards resilient councils of the future.”

GERGANA WINZER

Partner, Cyber Lead – Local Government, KPMG Australia

In an increasingly digital age, enhancing community experience often involves leveraging data for more personalised and efficient services. However, technology also creates significant challenges for the security and safety of community members’ personal information. Protecting this data against unauthorised access, cyber threats and breaches is not just a technical necessity but a fundamental aspect of maintaining public trust. The goal is to develop strategies and technologies that can securely manage data while delivering improvements in the quality of service and engagement.

CASE STUDY

Blacktown City Council engaged KPMG to execute a cyber awareness and training session for their employees, to help increase understanding and awareness of cyber security, while also equipping them with the skills and knowledge to stay vigilant and cyber safe. Through taking part in a cyber escape room experience, this engaging and interactive session also allowed individuals to share their own experiences and real-life examples and share knowledge with colleagues.

BLACKTOWN CITY COUNCIL (NSW)

KEY INSIGHTS

- + The primary reason for data breaches in councils, as in many sectors, is often human error.
- + Cyber security awareness programs are key to ensuring data safety.
- + Gaining clarity on service levels and costs enables more transparent conversations with communities about service priorities’.

TOP TIPS

- **Embed security into the organisation:** Cyber security should be integrated into every function across the organisation – from front office to back. This involves a shift from centralising cyber security in the Chief Information Security Officer (CISO) role to a federated model, where the CISO establishes frameworks, assesses risk and provides implementation support.
- **Foster a culture of data security awareness:** Human error is one of the leading causes of data breaches. Cultivating a culture of data security awareness among council staff and community members is essential. Provide regular awareness sessions on recognising potential threats, safe data handling practices, and the importance of safeguarding personal information. Encourage residents to be proactive about their data privacy through community programs and educational campaigns, helping them understand their role in protecting their personal data.
- **Implement robust data protection policies:** Councils should develop and enforce strong data protection policies that outline how personal and sensitive information is collected, stored, processed and shared. This includes complying with applicable data protection laws and standards, conducting regular data audits, and ensuring that all staff are trained on the importance of data security.

Let's continue the conversation

Unlocking capabilities to uplift service experience

Building new service delivery capabilities
in local government

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