

Finance's role in public sector transformation

Building partnerships, skills and supporting digital programmes



Introduction

Driven by a raft of changes, the role of the finance leader in every sector is transforming, but perhaps nowhere more than in the public sector.

In the public sector pressures have been dominated by the need for efficiency and higher productivity, along with careful re-prioritisation in the face of cuts. Suddenly there is a heightened focus on business cases for projects, commercialisation, modernisation and the opportunity of digital transformation. Yet many public services are struggling to keep pace and to find the breathing space to allow for the redesign of operating models. Legacy constraints and the risks of change can become a brake on vision and ambition in these difficult times.

Steering a course through such a period requires skills and experience in resource management, business leadership, risk control and a vision of business-wide change. By their nature and experience finance leaders have a clear part to play in this navigation, ensuring that public service bodies remain sustainable in the face of further cuts and change.

To do this well they need more than a traditional finance background. This includes understanding what 'digital' means for their organisation, how digital risks can be managed, and the expected benefits delivered.

It also depends on a range of new techniques and practices in data science, cyber risk and digitally-based commercial delivery.

These are all topics which CIPFA is prioritising for its members, ensuring that they and their organisations are fit for the future, and ultimately can protect and develop resilient and efficient services for citizens. We are delighted therefore to endorse this joint research between CIPFA and Eduserv, looking at the changing role of the public sector financial leader. Not only does this research tackle the skills, experience, and the role of future finance leaders, but it does so from the perspective of financial professionals who are in the thick of the challenges facing the sector and who need to be at the very centre of decision-making.

If there is one key message in this report, it is that the finance leader is vital for the future of public service organisations, but also that more needs to be done within the profession and sector to fulfil that potential. Those organisations that heed the advice in this report will be best placed to tackle the challenge and realise the benefits of digital transformation.



Jude Sheeran,
CEO of Eduserv



Rob Whiteman
CEO of CIPFA

Executive summary: The changing role of the finance leader

The role of finance has always undergone constant change, but today this is happening faster than ever because of wider organisational developments, such as:

- Digital operating models that create new vulnerabilities alongside business opportunity
- Greater automation and self-service, reducing the scope of manual intervention and oversight
- Automated supply chains and digital procurement
- Distributed solutions for resource management, making resource tracking and value measurement more difficult
- New IT developments, such as AI and cloud computing, making data flows complex and risks of abuse potentially higher
- The emergence of data and information science that builds new value opportunities but requires new skills to harness that value
- Growing challenges for auditors in validating risk, asset control and business performance

This joint research report by CIPFA and Eduserv examines the impact of these changes on the finance profession as a whole, and on public sector finance leaders in particular. It considers the main digital trends affecting finance functions, including some of

the newer technologies such as AI and Blockchain. It also looks at the changing nature of public services, such as greater commercialisation, as some local councils aim to become grant independent, by securing new income from developing new services and by maximising existing revenue streams.

The research in this report emerges from a survey and interviews with over 230 CIPFA members. This was accompanied by qualitative research from two round table sessions in London and Stafford and numerous discussions with professionals working with CIPFA and Eduserv.

It examines in particular how finance professionals view their organisation's progress with digital strategies and transformation needs and whether or not the full potential is being reached, either internally or externally.

Download the full report,
including in-depth analysis,
case-studies, tips and guides
for finance professionals at:
www.eduserv.org.uk/LGfinance

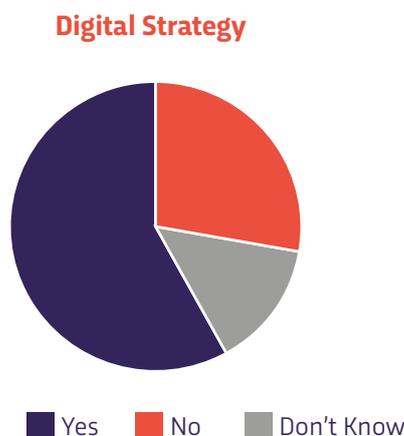
Finance teams and digital transformation: research findings

We asked finance professionals how they rated their organisation's approach to digital transformation and what role finance teams should play. Here are the four key themes emerging from our research:

1 Digital public services: most organisations have a long way to go

The majority of organisations have plans in place for the delivery of digital public services but only a minority are committed to truly digital operating models

- Over 58% of public service organisations have a digital strategy
- Less than a third of the organisations surveyed had a 'digital first' approach in all new initiatives, programmes and service plans (28%)



What in your view are the biggest barriers in your organisation to successful digital delivery?

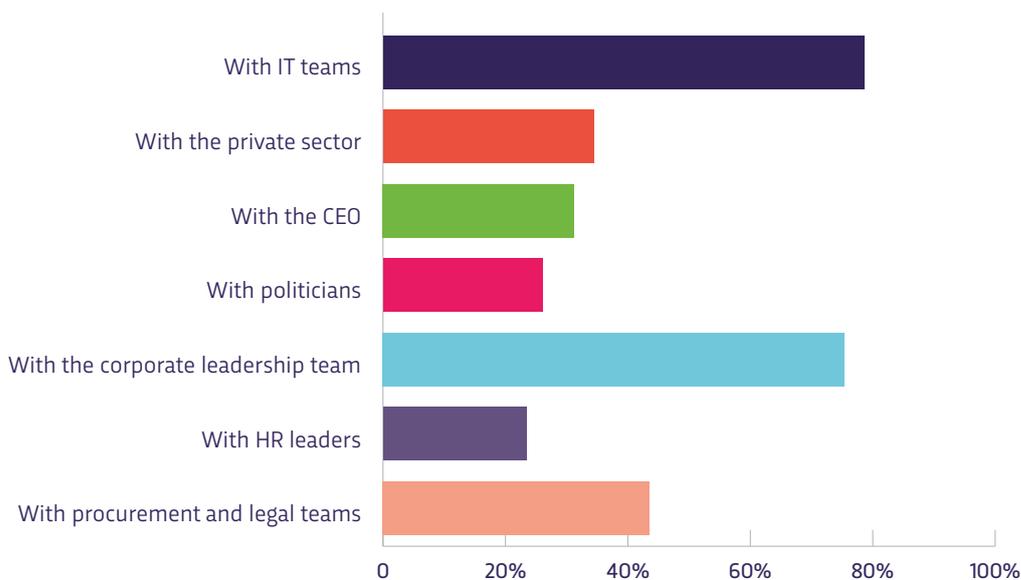


2 Digital leadership: most organisations need a clearer vision for the future

Although many organisations have plans in place for digital transformation, many still lack a deeper understanding of what that means in practice and do not have leaders or wider digital capability in place to take their organisation forward:

- Only one third of finance leaders think their leaders truly understand and support the implications of digital transformation
- A similar minority (36%) have a head of digital or equivalent to lead digital activities
- Barely one in ten (13%) PSOs have a digital strategy that is fully resourced

Where should finance professionals build alliances to increase the effectiveness of digital applications and project management? (Pick top 3)



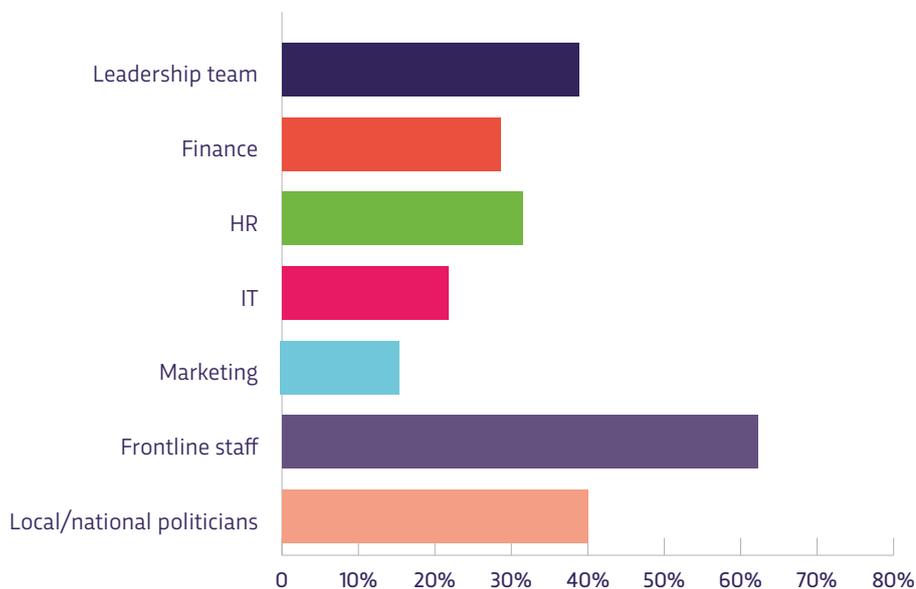
Research findings:

3 Finance teams: most have a strong understanding of the digital opportunity

There is a good baseline understanding among finance teams of how digital transformation can support better public services:

- Over 80% of finance leaders see the benefit of digital transformation for improving public services
- The majority also recognise that digital transformation is about new ways of working and not just technology (64%)
- Other teams can sometimes lack understanding of digital change programmes

What in your view are the biggest barriers in your organisation to successful digital delivery?



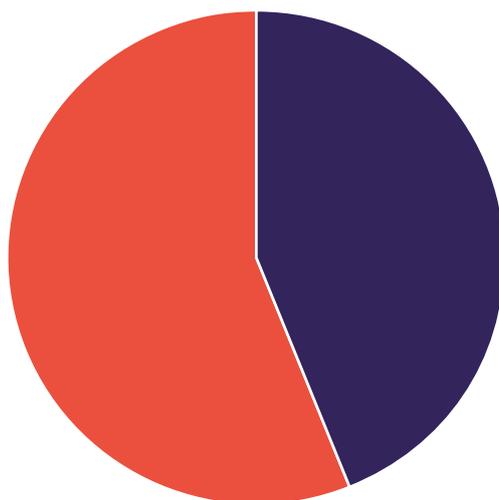
4 Finance teams: strongly placed to lead on digital transformation

Through a wider offering of professional development, finance leaders can use their business perspective and the knowledge of their organisation to lead a strategic digital transformation.

- Only a minority of finance professionals describe themselves as 'digital experts' – a mere 14% but most say that outside of the digital or IT team they have the best understanding of the need for digital transformation (75%)
- A clear majority (78%) of finance professionals say their skills would help ensure 'digital change projects' were more realistic. They believe that they should be involved both in the development of digital strategy and as a business partner in delivery - over and above traditional accountancy roles
- Already, nearly half of finance professionals (44%) have some sort of role in digital projects or strategy development

Are you directly involved in digital projects or your organisation's digital strategy?

■ Yes ■ No



About Eduserv

Eduserv is a trusted technology advisor and ally of the third and public sector.

We provide best-in-class technology advice, engineering and support. We work as part of your team, align our values with yours and transfer knowledge at every step.

We are distinctive because as a not-for-profit we can be an allied technology partner: free to reinvest our profits back into the communities we earn them in.

Our clients include Marie Curie, The Samaritans, Bristol City Council and Cheltenham Borough Homes.

What we do:

- Cloud advice, migration, management and optimisation
- Digital service design and development
- Office365 migration and optimisation

Technologies we use:

- Microsoft Azure
- Office365
- AWS

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About CIPFA

CIPFA, the Chartered Institute of Public Finance and Accountancy, is the professional body for people in public finance.

Our members and trainees work throughout the public services, in national audit agencies, in major accountancy firms, and in other bodies where public money needs to be effectively and efficiently managed.

CIPFA's portfolio of qualifications are the foundation for a career in public finance. They include the benchmark professional qualification for public sector accountants as well as a route to qualification and membership for people already working in senior financial management positions. Courses are taught face to face online and by distance learning.

We champion high performance around the world in public services, translating our experience and insight into clear advice and practical services. They include information and guidance, counter fraud tools and qualifications, property and asset management solutions, advisory and recruitment services for a range of public sector clients.

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