

Case study: Office for National Statistics

Financial management

How an organisation transformed its financial performance

Adept financial management and performance are critical to success. Shifts in the political landscape, budgets, and social behaviours are driving a sea-change within public sector financial management. Today, there is a real need for senior decision makers and financial officers to propel transformational change through strong financial management.

Maintaining the status quo is no longer acceptable to public appetites, with the public now expecting higher levels of service, interaction and accountability. In the new post-recession, Brexit-world of public sector financial management, who is doing it well?

Case study: The Office for National Statistics

Shifting from the bottom to the top of the pack in three short years ONS is a case in point. Change wasn't easy and it required focus, determination and a strong leader.

The turn-around success story of ONS began with the appointment of Paul Layland to the role of Director of Finance in April 2013. Part of a new breed of Finance Directors, Paul recognised early on that ONS was not in a fit state to deliver what it needed to for future generations, and required a financial overhaul.

Paul describes how CIPFA's Financial Management (FM) Model and review made all the difference when it came to transforming their finance department and its performance.



'The CIPFA FM Model and review gave us a real focus and action plan with logical steps which we stuck to for three years. Seeking an independent review and guidance lent energy, enthusiasm and confidence to our strategic plan, even when times were tough. Plus, moving from the bottom quartile to the top quartile is great, and the results speak for themselves.'



Paul Layland,
Director of Finance,
Office for National
Statistics

The challenge: strategy under the spotlight

Tight budgets and limited resources challenge every area of the public sector from community trusts and local authorities through to national bodies and central government functions. Added to this are the additional pressures of digitalisation and an under-skilled workforce.

“At that time, one of the biggest weaknesses within the ONS was a distinct lack of accountability for financial performance. Instead of getting bogged down in the minutiae of operational performance, we needed to start with and focus on sound governance, transparency and accountability,” explained Paul.

He added; “Our first step was to create a strategic plan, benchmarking and addressing the strength of our governance, our team, and to examine whether our financial plans were fully integrated with the business plans and workforce.”

In 2013, Paul asked CIPFA to apply the FM Model to the ONS and required CIPFA to roll-out the FM Model with consultancy support, and provide an independent assessment of organisational financial management capability. The results placed ONS in the fourth quartile when compared to other organisations.

Climbing from the bottom to the top of the ladder

Paul resolved to make significant changes, with the critical areas of accountability for financial performance, the setting of a robust financial strategy, forecasting, embedding VfM and strengthening of financial discipline across the organisation taking centre stage.

“The three key elements we needed to address were at times the hardest to implement and required bravery,” explained Paul. “Firstly, we had to tackle team structures and capabilities. How did we want to shape our workforce? Did we have the right people in place to go beyond our mid-term plan? The answer was no.

“The second point was recognising and accepting that we were in a really bad place and we needed to do something about it. I had only been in the role of Director of Finance for 9 months, and challenging the status quo was nerve racking. CIPFA’s independent review gave me the confidence I needed to make significant changes.

“The third element was about changing behaviours. We had to commit to change as a team, and establish trust within ONS that we were doing the right thing. This is not as easy as it sounds, as trust grows over time. We couldn’t just tell the story we also had to demonstrate it. Once the skills, capabilities and strategy were in place our attention turned to technology.”

‘Real honesty is recognising that you are not in a good place, and then doing something about it.’

Paul Layland, Director of Finance, Office for National Statistics

CIPFA FM Model

Financial resilience, sustainability and transformation have never been more crucial. The recently refreshed FM Model will help you transform the financial management of your organisation. An online analytic toolkit, it allows you to assess the financial management and sustainability of your organisation.

The FM Model allows you to both identify weaknesses within your organisation and confirm its strengths. It will also help you develop and put in place a target-driven plan. This will allow progress to be closely monitored.

The FM Model has been completely updated to reflect today’s public sector including business partnering, a commercial focus, governance, procurement and the CFO’s role. It also has enhanced functionality with improved online diagnostic, is paperless, faster to complete and more intuitive.

www.cipfa.org/fmmodel

400+

users across public services within the UK



Key learning point: don't go it alone

Capturing the characteristics of world class financial management in many instances requires assistance. CIPFA's FM Model enables users to identify weaknesses and confirm strengths, as well as helping to develop a target driven plan and monitor progress.

The ONS now ranks in the top quartile of some 50 organisations. Paul and his team embraced the necessary changes to produce a high level of organisational financial management capability and an exemplar transformation. The ONS harnessed the four pillars of CIPFA's FM Model namely, leadership, people, process and stakeholders.

Conclusion

Commenting on the success of ONS, Stuart Fair, Senior Consultant, CIPFA Advisory, said; "We're delighted to see that financial management has been significantly transformed within ONS. Substantial improvements have been made to address the critical priority areas highlighted in 2013/2014.

"These were accountability for financial performance, the setting of a robust financial strategy, forecasting, embedding VfM and strengthening of financial discipline throughout the organisation. Indeed, some weaker areas identified as development priorities within our earlier assessment have been turned into actual strengths.

"Their remarkable progression highlights a highly commendable response to issues arising within 2013/14 assessment. ONS is exemplary in the transformation of financial management capability given the extent of improvement achieved over the best part of a three year period."

To explore your organisation's needs and how we may help, please contact our Advisory Team for an initial discussion:

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About CIPFA

CIPFA, the Chartered Institute of Public Finance and Accountancy, is the only professional accountancy body in the world exclusively dedicated to public finance. Our 14,000 members 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.

Our benchmark professional qualification for public sector accountants is the foundation for a career in public finance, whilst we also offer our longstanding postgraduate diploma for people already working in leadership roles.

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About our advisory services

CIPFA's consultancy services can help transform financial management in your organisation. The issues facing the public sector today are without precedent. But, amid the headlines, there are opportunities to enhance and adapt – and to transform your processes, delivery and your organisation.

For this you need a special form of support. You want people who have a firm grip of the public sector. People you can trust to listen to your ideas. People who will develop the right solutions with you, and make a real difference.

Our team of advisors can work with you to understand your current situation – and future needs and aspirations.

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