
Challenge and Change: The Future of Professional Practice in the Public Sector: Some Reflections

Richard Davies
Welsh Assembly Government

Abstract

This paper considers the changing expectations of practitioners in financial disciplines within public sector organisations; the implications for professional development; and the opportunities the professions in these disciplines must take if they are to flourish for the future.

Introduction

This paper is designed as a set of reflections on the pressures that are likely to influence the practice of finance, accountancy and audit professionals for the years ahead. It is about professional practice in the public sector, and it is deliberately presented from the layman's point of view¹. I am not professionally qualified. However I do have extensive experience of operating in both large and small central government organisations, and of working with institutions of similar scales in both public, voluntary and the private sectors. I have exercised strategic direction for major service functions - nesting within which have been substantial budgets and the associated accounting officer responsibility. My field of vision has encompassed single sector activity, and business that is necessarily cross-sectoral, corporate, and collaborative. At the very least, I have had significant opportunities to observe what professional practitioners do well, in addition to what they do less well - and to form a view about the challenges that lie ahead for them.

I begin with an apparently provocative question. Will anyone want professionally trained accountants and auditors in the public services by the end of the century? This is not a wholly empty challenge. All professions face significant pressure to reconfigure their products and capabilities in ways designed to enable users to apply them for themselves. Of course, so long as people want to count money - or anything else - according to structures of rule, governance and convention, then the associated skills and capabilities will be in demand. Yet it doesn't follow that the pattern of those demands will remain fixed, or that the social construction of the financial professions - their specialties or sub-specialties - can or will become fixed in perpetuity. No more could that be said of any other suite of professional and practical disciplines.

So what is it that is likely to drive the changes that are ahead? What clues do those drivers offer for the future of professional formation and practice in the round? I'm going to say nothing about the developing systems of national and international standard setting; about codes of conduct; or about the relationships between the professional bodies themselves. Rather I want to consider what changes are affecting public services in general; what these might imply for expectations about professional practice in particular; and about what opportunities they might bring in their train.

Change and the Public Services

There has rarely been a time when the performance of the public services has attracted so much attention. The exceptional real-terms increases in actual and planned public expenditure since 1997 make this inevitable. The users of public services also vote. Even if they do that in declining proportions within the UK, their interest in single issues and particular interest groups can be formidable. Certainly their views about what matters to them directly relate to the acute problems associated with competing priorities and the decisions about balance of investment that are taken governmentally. Who gets what, why, when, and how² - the very stuff of politics - is constantly in play. But people are not just interested in decisions about what tax revenues buy. They are increasingly interested in the degree to which public money genuinely achieves high value returns and demonstrably worthwhile outcomes not just about volumes and outputs. However the issues are rarely straightforward and confusions abound. For example, attempts to construct objective

1 I am indebted to Professor Hugh Coombs for his comments and suggestions on a draft of this paper.

2 See 'The Political Writings of HD Lasswell' Glencoe, Illinois, Free Press 1951

metrics for outcome often face stubborn problems of value and measurement. Even where agreement about those things is possible, people may be prepared to accept lower quality provision to the extent that it is allied to contentedness, if not happiness.

In addition, the degree to which people are increasingly able to control and personalise their own patterns of consumption bears on the way in which public services are viewed. It is sometimes suggested that increasingly demanding public expectations are somehow illegitimate or inappropriate, simply because they carry a risk of undermining the framework of common provision which gives public space its meaning and value. In reality, it is entirely possible to reconcile public and personal expectation with progressive broadening of collective provision. It may be demanding, but is certainly achievable. The requirements of social justice make it essential in any case. What's more, there is evidence that the attachment to the public service ethos has strengthened markedly amongst public sector employees since 1997³. It might be said that this too helps to explain why the pressure to transform, reform, or otherwise continuously improve public services has become so great.

But there are other illuminating factors to capture here. After all, for much of the last century, people in the public services (and indeed beyond) relied on some fairly settled assumptions. Organisations were thought to work best as hierarchies on the industrial or military model - graded, orderly, predictable. The career deal for employees was about security of employment in exchange for long-term loyalty. Delivery was defined top-down - doing things to or for people - a sort of institutionalised paternalism. People were assumed to look upwards for extensive and explicit guidance. This was often statutorily bounded. It deliberately constrained the scope for flexibility and creativity so as to formalise accountability and role. Responsibilities were essentially bounded, and leadership beyond functional authority was limited. Overall, officials thought of themselves as gatekeepers who gained authority by reference to control, post, or stratified function as opposed to performance. You worked 'in' the organisation, not 'on' it, because it represented a rational machine.

However, this - admittedly crude - picture is rapidly dissolving. Discussion at all levels in the public services - informed by an extensive literature - has reached something of a new consensus if not a shift of paradigm⁴. The key assumptions and components of this new picture are these. Organisations that don't learn - that stay in pyramids - that aren't agile, lean, and continuously improving, simply fail. There is a general acceptance that outcomes and results (as opposed to inputs and outputs) have become quite as important as proper process and principle. The career deal now depends almost exclusively on self-management and self-development. There may be a ready recognition that administration and management remain important, but very few think that they can be relied on without excellent leadership, innovation and creativity throughout.

Indeed distributed leadership is fundamental both for dealing effectively with complexity and for building workforce enablement and engagement. Team working, multi-tasking, and problem solving are at a premium. The capability to work with people to their agendas, both vertically and horizontally is increasingly seen as essential. Collaboration in learning networks is becoming even more important than learning within organisations or sectors. Spheres of shared purpose matter more than tiers of function. Coupled with that, there is a pervasive sense that reputation, capability and authority can't be regarded as givens. They have to be earned and visibly authentic. The big challenges seem to be less about structures, professional functions, and systems, and much more about relationships, cultures and behaviours.

3 Social Attitudes Survey: 'Is there still a public service ethos?' John, P and Johnson, M: National Centre for Social Research: 2008

4 See for example 'Our Iceberg is Melting', Keller, J and Rathgeber, H: MacMillan 2006. Also '7 Habits of Highly Successful People', Covey, S R: Simon and Schuster 1999, and 'The Power of Collaborative Leadership', Frydman, B; Wilson, I; and Wyer, J: Butterworth Heinemann 2000

The Drivers

I would readily accept that these two pictures are heavily simplified. It may even be possible to deconstruct them objectively. Yet these perceptions are widely shared and widely assumed. They suggest that finance, accountancy and audit functions will find it impossible to isolate themselves - their continuing professional formation from the substance of organisational development. Indeed the likelihood is that any attempt to build defensive silos whether legally underpinned or not - would have immensely damaging implications for sustainable credibility. This shift in how we view organisations is related to what has happened in the last half century - the period immediately after the Second World War. The past does matter. It often helps to look back before looking forward. From that perspective the change drivers can be summarised this way.

Geo-politics

For most of us in the UK - certainly not all - the overwhelmingly important reality of the last half century has been that of peace - peace and gradual economic growth. That last story hasn't been without serious discomfort and discontinuity. For a large part of that period the UK struggled with the reality of decline relative to other industrial countries - and with the tangible possibility of absolute decline. The world of 50 years ago was truly a different place. The big geo-political reality was the bipolar balance of terror between east and west - communism versus capitalism. The cold war was competitive - but neither cold nor much of a general war. Today, the multi-polar realities, accompanied by international terrorism, feel very different.

So in many ways the experience of the 1990s onwards has been extraordinary. The recent huge increases in investment in the public services themselves have been exceptionally important. UK oil, industrial change, and commercial growth, have brought new scope for lifting public expenditure to tackle persistent societal problems like unemployment, poverty amongst children and older adults, and economic inactivity. The platform for public provision is very much higher than it was, even though the rate of real-terms increase is set to slacken for the immediate future. That in turn is bound to have a big impact on the way in which qualified practitioners work. At the very least it will demand that they sharpen their capabilities to contribute to strategic business leadership; change management; efficiency gain generation; and the improvement of service delivery.

Globabilisation

No-one should underestimate the impact of what was done in the last half century to unleash deregulated markets against command and control economies the world over. In many respects, the range of public services in the UK is today heavily reduced. Big money goes on health, social security, social care, education, and housing. But the days when the government owned and ran major industries are long gone. The imperial sunset in Britain coincided with gradual European engagement - and this has been followed by the emergence of China and India as economic super-powers able to ride, and even to take advantage of, the current global liquidity crisis. Whatever that means for the UK there is no doubt that communication costs are falling, and supply chains are increasingly global. Economic adjustment and growth mean that more people work in services as opposed to manufacturing and primary production. So for spatial governmental systems, securing competitive advantage increasingly means branding the human capital development offer - education, skills and professional capability - and maybe finding ways to value it on national or other balance sheets too.

All this has been accompanied by a rapid dissolution of social deference, and by much greater diversity in the workforce and in its composition - dismissing past discriminatory patterns based on gender, ethnicity, disability, religion, and sexuality. That has been immensely creative - but not everything has been so positive. Africa has lagged badly for example, regardless of the overall trend

in global growth. What's more, everyone is conscious of a new range of threats to the planet - some more challenging than those of the cold war - such as climate change and potential disease pandemic. In a global context - in a inter-related world - whether the focus is on the micro or the macro, realising the business objectives of any organisation will demand a step change in each functional and professional component's capacity to interlock; to think futures; and to practice to meet challenging and distinctive scenarios of crisis.

Demographics and Technology

All the projections predict an increase in the number of elderly people in the UK - more single pensioner, and more single parent households. That will bring major challenges of adjustment for key operational provision in the social policy field. Healthy or unhealthy ageing is one of the central uncertainties for all of us - with heavy implications for personal and social care. From that standpoint the implications of projected obesity are bleak. Along with that there are important migration flows - not only those arising from people seeking to escape war and poverty, but those associated with the enlarged EU as well. Coupled with net positive migration - and all other things being equal - the UK population may increase by over 10% by the end of the next decade.

The cumulative effect of this is likely to reflect, and to create, greater physical distances within families, and to detach very large numbers of people from their places of origin. That is paralleled by the capacity of new technology to disconnect work from the workplace so that it invades private space. We are now truly in the Google, You Tube, and Blackberry generation. In time, politics and government may themselves get divorced from place - with people living in the same locations but being part of different electronic communities, getting different service packages from different providers, and participating in distinct political cultures or taxation systems. Certainly communities and cultures are shifting fast - with centralised government struggling to keep up with the pace and complexity of the change.

So it will be essential that formation and continuing professional development should enable financial practitioners to understand the nature of technological invention and innovation; the dynamics of associated marketing; and the disciplines necessary to making good decisions for public business however defined. That means a major upgrade in the skills and capabilities needed to support strong procurement and systems applications. It means developing higher-grade skills to get multipliers from corporate support functions internally, and to generate collaboration for improved performance with external partners too. Building on what works best and on the experience of excellent performers depends on collaborative exchange - which needs skill and practice if the public reputation of the financial disciplines is to be sustained. It will also demand some hard thinking about how this will affect the market for professional skills across the public, private and third sectors.

The Media

Public reputation has much to do with perception and with its management. Fifty years ago the world was viewed through national, not global lenses. Now the media operate 24/7 driven by news values and stories - certainly not by patrician or official assumptions about the virtues of impartial public information. Internal and external communication in this world is a massive challenge for public servants. Doing it consistently and with integrity is critical to success. No professional practitioner can perform well by ignoring the imperatives of communication and the power of good story telling. Each public service organisation has to explain its reason to be. Each part of the organisation has to have a vivid story to tell about how it contributes to success - and for an audience that is in no way function-specific. Finance, accountancy and audit are no exceptions. Practitioners will increasingly find that they cannot survive without being able to make compelling

contributions to the overall communications strategies for the public bodies they serve and without demonstrating - in ordinary language - how they add value to the collective purpose. Acting as handmaids to finance, treasury and wider formal compliance systems won't be enough to guarantee professional reputation and survival.

Citizen Focused Service Design and Delivery

It shouldn't be assumed that the basic business model for public services is the same throughout the UK or elsewhere. Practitioners need to understand this during formative learning, and as they navigate the career development course. Thus for example in Wales, the Assembly Government is committed to a citizen centred model of public service design and delivery - collaboratively focused and community orientated. Elsewhere, public provision is seen as best done through the lenses of contestability, choice and consumers. Crystallised by Andrew Davies, Minister for Finance and Public Service Delivery, the citizen model for government in Wales has a radical, innovative and transformative force.

The essential idea of the citizen-centred context for governance is that providers, professionals, or commissioners should become considerably more responsive to the way in which citizens view them. For the most part they are not in the least concerned with legal, professional, financial or sectoral boundaries⁵. They want to experience service as an integrated whole. Indeed, there is good case that the greater the degree to which citizens participate and engage in the processes of service design and delivery, the greater their satisfaction with the result, and the better the value for money obtained from the public resources invested in the first place. The model unleashes the power implicit in seeing ourselves as others see us. It recognises that operational delivery is quite as important as policy making in achieving user satisfaction.

Indeed it is not too far fetched to regard delivery as being central to the very legitimacy of democratic institutions themselves. What is more, the most stubborn service delivery problems can only be resolved by collaboration across sectoral, spatial, and professional boundaries. So the best professional development for financial practitioners should desirably start by considering what the citizen model of government actually means, and the way it is related to good corporate and public governance. The citizen model is not reducible to consumerist or customer ones. It carries an ethical and prescriptive meaning. It is aimed at inspiring the active reconciliation of rights and obligations - something which is essential to achieving collective benefit and the equitable distribution of public goods.

The normative principles⁶ are these.

- *Put the citizen first.* Focus on citizen and community expectations and experience, and align the organisation's purposes so as to deliver a high quality service.
- *Know who does what and why.* Get everyone in the service delivery chain to understand each other's role and responsibilities, and how they will deliver the best possible outcomes together.
- *Live public service values.* Develop teams to apply cultural and behavioural standards that embody public service values, and demonstrably benefit citizens and communities.
- *Foster innovative delivery.* Be creative and innovative in the delivery of public services working from evidence, and managing risks to achieve better outcomes.
- *Create a learning organisation.* Constantly promote learning and improvement in service delivery at all levels in the organisation, and join learning networks to sustain the gain.

⁵ See 'Beyond Boundaries: Citizen-Centred Local Services for Wales - a report to the Welsh Assembly Government 2006, and 'The Collaborative State' Parker, S and Gallagher, N: Demos 2007

⁶ I am grateful to David Richards, Director of the Governance in Wales Unit at the Welsh Assembly Government, for his guidance on these principles.

- *Engage with others.* Ensure that the views and contributions of staff, the public and partner agencies are sought and harnessed to achieve the best possible results for citizens, communities and stakeholders.
- *Achieve Value for Money.* Look after taxpayer's resources properly, and use them carefully to deliver high quality and efficient services.

More Challenges

In my view the key challenge for financial practitioners is to understand what is driving the shift to citizen or otherwise to user models of service design and delivery, and to appreciate the very strength of the citizen model itself. That is not to exclude other challenges. Clearly the power of new commercial ICT-based budgetary, back office and financial management systems do threaten the traditional or vanilla conception of the role of financial practitioners in the public service. Then again much of the current debate about weaknesses in performance within the public service reacts to substantial concern about how best to grow what it takes to achieve strong reputations (not simply for now, but for the future).

As I have said, much of this relates to the importance of generating much stronger leadership, strategy, and delivery capabilities - the sorts of things that are of critical importance to statistical analysts; economists; and social psychologists too. Structures and professions cannot accept closed silos. They have to respond to the pressing potential of energy-releasing cultural and behavioural change. This is the change that overcomes barriers to blending teams; pooling budgets; merging accountabilities; unifying governance; and seeking unremittingly to achieve demonstrably improved outcomes. It's worth asking whether the existing approach to professional formation and development enables financial practitioners to make a strongly audible contribution to all of this - or whether it actually allows for something that is ultimately rather muted.

There is surely an important role for the professional bodies here. To what extent do they achieve a satisfactory balance between defining professional standards, and reflecting on how practise should be shaped to take account of the ways in which public organisations are changing - and of what non financial managers want? How far is the discipline of accountancy and its sister practices seeking to adapt to the changing perceptions about what well performing public service organisations need? Plainly, the professional bodies seek to make substantial public policy contributions at the level of technical and wider professional practice. But how far are the youngest entrants to the profession enabled to understand and contribute to the necessary changes of culture and behaviour that all public service organisations are now beginning to demand? How far is continuing professional development enabling existing practitioners to contribute - and to contribute confidently?

But though the challenges facing financial practitioners have changed and are changing, there is every reason to think that the financial professions can face the next half century with optimism if they square up to what public service is coming to mean, to what the public sector organisations of the future are going to be like, and to what they are going to need. Thus the professions must constantly reflect on what they will bring to learning networks and organisations. The idea of the facilitative financial practitioner - like that of the enabling teacher, or of the doctor as knowledge manager for patients - may need clearer definition, but it is a powerful one nonetheless. There may well be less transactional work for practitioners in future - but there will be much more fulfilling business for those professionals capable of being mixers, leaders, and sharers. There is plenty of scope for this to be embraced creatively.

It remains the case that there are major problems over helping those who make policy and deliver services to achieve substantial efficiency gains year by year. The requirement to do this evidently

and well - avoiding simplistic and destructive routines associated with arbitrary cuts and mere budget administration - is pressing. If practitioners can help to revise systems that can capture - even inspire - efficiency gain, then the financial disciplines will certainly prosper. The very pace of innovation and change - the need to scope the associated resource problems and to find solutions for them - is of massive importance. The increasing sophistication of matrix and partnership management puts a premium on quick and robust costing. To the extent that practitioners can embed techniques for handling these pressures - techniques that don't need expensive and convoluted overheads or extraneous support - then they will flourish.

Aside from that, the likely direction of travel for public service organisations means that there is enormous scope for practitioners to add value over strategic budgetary and financial management; to shape option appraisal; to inform business cases; to animate research proposals; to steer knowledge and evidence capture; and to drive evaluation. It's worth remembering that those concerned with the overall leadership of service design and delivery respect professional practitioners most when they tell them what they don't already know in ways that help them add value. There's a rich seam for practitioners here - all too little exploited. Companies in the private sector are becoming deliberately experimental in their approaches to shifting their systems and processes. They are becoming as creative about this as they are about R&D and new product development. In the public sector the growing opportunities to stimulate and to apply new approaches to tackle emerging complexities should be embraced by financial professionals with relish. If the opportunities aren't taken then the disciplines will be marginalised, if not written out of the script altogether.

The Complete Practitioner

My answer to the question about what will ensure the credibility, reach, and usefulness of the financial practitioner in the public services for the next half century features a number of expectations about outlook and behaviour. In summary it suggests that practitioners should act with conviction to deploy the following capabilities and characteristics, in addition to developing professional techniques.

- *Provide purpose.* Successful performance lies in working with others to be clear about strategic direction - reflecting both vision and values, and putting citizens first. This must be coupled with engaged leadership - setting aside any preference for a narrow attachment to task or function - and securing a mutually sustaining balance between professional rigour and the openness essential for business development and grip.
- *Plan and prioritise well.* It matters to keep things simple, and to translate strategic vision into practical goals; to steer programme management for tangible results; and to manage through projects and matrix capability, rather than through segmented professional structures alone.
- *Pay attention to people.* Internally that means acting as a genuine enabler - mentoring, coaching, bringing on talent, exchanging personnel, organisation raiding, action learning, and getting the benefits of diversity and sustainability. It means innovating and performance managing with determination - generating compassion, challenge, and hope in equal measure. Externally it means applying the disciplines implicit in citizen focused service - gathering feedback, acting on it, and adapting to rapidly changing expectations about the value of securing public involvement in the business. It means joining hands across public service boundaries to build the skills of professional practitioners, and others, at all levels.
- *Protect the pounds and pence.* It is axiomatic that taxpayer's money must be subject to excellent stewardship. So the basic processes of data, risk, asset, and budgetary management must be applied securely. Finance practitioners have to be able to construct as well as interrogate the case for investment, and to help evaluate results by reference to facts and values. They have to be open to pooling budgets, to managing in multi-professional teams, and to shifting resources to meet new needs quickly.

- *Personally communicate.* Practitioners will be called on to contribute to the overall business narrative more and more. That is central to building and sustaining organisational and service reputation - thinking not of the past or present performance, but of what will generate fitness for purpose and progressively improving outcomes for the future. Promoting a sense of urgency about achieving results that are not merely good, but great⁷ demands, professional openness, honesty, and confidence. It requires a capacity to project success without artifice, and to make learning as opposed to blaming cultures with courage. All of this demands both vividness and vitality⁸.
- *Promote professional credibility.* This is not solely about established or formal standards, important though those are. It is about adding value with and through them. It is about explaining and justifying those standards in ways that are visible and intelligible to others. It is about being approachable and encouraging challenge in even temper. It demands a capacity to listen closely to what citizens say about service change and to support colleagues in responding to it vigorously.
- *Push for partnership.* This means working hard to construct guiding coalitions within and between public service bodies - creating alliances across boundaries or fractured delivery chains to resolve the stubborn problems that cannot be resolved other than by collaboration. It means having a sense of each whole system which confronts the citizen and service user. This is hard to achieve without engaged, enabling and distributed leadership throughout and between organisations in the public services. That in turn is vital to realising performance gain. The capacity to do more with the same or less can only be found by doing things differently. The creativity to make this happen emerges with the greatest assurance through collaboration.

Conclusion

The practice of financial disciplines in the public services - just like the practice of all other professions - will be assured to the extent that their established DNA is reconfigured and enriched to meet the demand for innovation and improvement articulated by citizens as service users. It will be secured to the extent that it squares up to the behavioural, systemic, and cultural changes that are pulsing through public service organisations at extraordinary speed. It may be a paradox that continuing professional development can only do well by lowering the barriers to multidisciplinary engagement and to changing the substance of the financial disciplines themselves. But it is a healthy one.

7 See 'Instruction to Deliver' Barber, M: Politicos Publishing, June 2007

8 See 'The Four Vs of Leadership', Shaw, P: Capstone 2006