

Foreword

Since 2006, when CIPFA last sought to promote a greater awareness of balance sheet management across the public sector, the fiscal environment has been transformed. In particular, given the pressures on revenue budgets, public service organisations have sought to realise the service potential represented by their balance sheets. Balance sheet management forms a fundamental part of overall financial management frameworks and, when performed effectively, can generate real savings and deliver assets where they are needed to enable effective front-line service delivery.

Since 2006, owing to the move to IFRS-based financial reporting, there have also been important improvements in the financial information available to inform decisions about public sector balance sheets. This shift to IFRS in the last decade or so has not been a narrow academic or technical exercise, but rather a development to promote better financial management. An important characteristic of effective balance sheet management is the interplay between sound balance sheet accounting and improvements in financial efficiency and operational and service delivery performance.

The framework used here was originally aimed mainly at public sector finance professionals, to support use of more dynamic and proactive balance sheet management techniques. But it has become increasingly important for its key messages to be understood and promoted by other senior managers and directors (executive and non-executive) who are keen to optimise the performance of their organisations.

The opening sections set the core self-diagnosis elements of this publication into context, especially to remind practitioners of the scale and diversity of issues that fall within the rubric of balance sheet management. Equally, it encourages practitioners to have in mind the common issues shared across the public sector as well as understand the different statutory and regulatory environments of their partners. With this mind-set, practitioners are invited to use the self-diagnostic tools and techniques for balance sheet management that form the bulk of this publication.

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