

Roundtable: Transformation and collaboration; surviving uncertainty?

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Public services need to be delivered despite a changing macro-economic landscape. Public sector organisations across the country have unlocked many of the easy, cost savings targets; underutilised assets have been sold, new charges introduced, and services rationalised. Yet, the financial sustainability challenge persists and more transformation seems to be required to unlock further productivity gains.

Technology adoption is on the rise. Websites have moved from static information sites to interactive sites for citizens to connect with, and book and pay for services. Data management and integration is therefore an even bigger driver of technology change as councils need to synthesize increasing data from various sources to make data driven decisions.

To discuss this challenge and to talk through possible solutions, CIPFA brought together enterprise software consultants **Unit 4**, specialist change consultants **Proteus**, and finance transformation leaders to share experiences and insights on successful transformation projects and programs.

A suitable place to start the round table conversation was with the Unit 4's survey, **The State of the Digital Nation 2023** which suggests that more councils are exploring the use of technology to deliver both frontline services and backend support services. The studies also suggest that typical transformation projects take 18 to 24 months to complete. The participants agreed that in their experience, transformation projects can take longer to complete depending on their complexity. Creating a new business model can take years to achieve because it requires a complete overhaul of existing business models.

Challenges

The discussion identified these challenges to delivering transformation projects:

- Having to make cost savings.
- Not being able to recruit and retain the right skill set.
- Cultural barriers: risk and change aversion can pose challenges to change programs.
- Bulldozing through financial transformation from a finance-only perspective and leaving people behind.
- Shoe-horning business cases where a solution has been preselected and case for change built around it.
- Communication barriers: proponents of change not communicating in plain language, which tends to limit understanding, buy in and progress.

Based on Unit4's survey, respondents considered the first two challenges to be most prevalent in transformation projects.

What makes financial transformation successful?

Participants then discussed some of their recent transformation projects considering how they had been able to overcome the challenges identified and what they deemed to be critical success factors.

Urgency

Participants agreed that a certain degree of urgency is required to drive transformational change. For example, remote working technology adoption accelerated during the pandemic due to the urgent requirement. Helping the organisation appreciate that the risk of maintaining the status quo, compared with the risk of change, can spur action.

Clarify objectives and secure buy in

Participants considered it beneficial to have thorough discussions about the purpose of the transformation project. These discussions need to clarify what outcomes would fulfil project objectives before selecting a preferred approach. Clarity about the benefits, and when they can be expected to accrue, was considered crucial. A clear picture of the outcomes expected will also support stress testing the outcomes throughout, to ensure the program remains on track.

Stakeholder analysis to collect views from diverse stakeholders at the outset, before selecting solutions, could secure buy-in early on. Senior management and member buy-in was also considered necessary to set the tone at the top and cascade organisation support. One participant stressed the importance of delivering demonstrable results early in the program to gain further buy-in of the less enthusiastic stakeholders.

Robust options appraisal

Participants agreed that robust appraisal of the operational and customer implications, as well as cost, will improve the chances of success. The better business case model is a widely adopted approach to options appraisals.

Resources

Consideration of the skillset and long term resources required to embed the changes beyond the initial delivery can be pivotal to lasting change. Leadership capacity was also identified as a critical factor of success.

Learning

Efficiencies can be unlocked by learning lessons from the organisation's specific circumstances and other similar organisation successes. Participants highlighted that learning could come from outside the public sector as well as similar organisations, leading to the emergence of innovative solutions. For instance, the use of chat bots to streamline customer interaction is now widely used in the public sector.

Finance as enabler for wider transformation

There was a consensus around the table that the role of finance is to support and drive change. Support will take the form of:

- providing robust economic and financial analysis in the planning phases, including several costed options for more robust decisions
- demonstrating relationships between outcomes and performance measures to help the organisation appreciate the impact of their decisions and make informed trade-offs
- promoting wider organisational financial awareness to inform better decision-making
- challenging leadership and officers to ensure that outcomes are still being achieved.

Sustainability considerations

Participants suggested that sustainability in transformation projects refers to the longevity of the impact of transformation projects. Programs with longer delivery timescales could benefit from being segmented into independent phases so that each phase can be flexed for changing circumstances and requirements.

The discussion explored whether local authorities planned enough for the longer term, ie beyond 3 to 4 years. There was a suggestion that agreeing key strategic principles, which transformation projects must adhere to, could prevent transformation projects being susceptible to cyclical political pressures.

Summary / conclusion

All participants agreed that transformation is achievable with the right approach. Sharing practices within the public sector, and referencing those from commercial and third sector organisations, will contribute to improving the outcomes of transformation projects in local government. Although technology and finance remain important elements of transformation, more emphasis needs to be placed on people, processes, and cultural shifts to secure optimal outcomes.

Additional resources

- HM Treasury [Guide to developing the Project Business Case](#)
- CIPFA [Better Business Cases Foundation](#) training.
- CIPFA article on [Achieving digital transformation](#).