



Helping government make better financial decisions

A discussion with Mike Driver

The current fiscal environment and the demands of Brexit create an environment which requires government to make robust decisions.

Mike Driver, Chief Financial Officer at the Ministry of Justice and Head of the Government Finance Function, recently made the case for how finance professionals can play their part in delivering a sea change in government decision making.

Priorities for the finance function

To ensure that those with the right skills provide timely input, the civil service has changed its approach to building specialist skills in the last five years. This is based on the acknowledgement that collaboration between specialisms and specialists' involvement in decision making can deliver better services for citizens.

Driver affirmed his commitment to building on this progress. He outlined his efforts to broaden the finance function through closer links with related activities and specialisms such as managing project finance, fraud and error. The function is also working to join up financial planning and performance management, and is building its relationship with the Government Internal Audit Agency to improve risk management. An update to the [Orange Book](#) on dealing with risk in government is in the works – again in partnership with other specialisms – to reflect changes in the environment government operates in since the last update in 2004.

This also requires developing the 10,000 Finance professionals the function encompasses, and clearly communicating to them the [function's six priorities](#), which range from leadership to transformation. To deliver these priorities, the function has taken several

steps, including focusing on career progression for its staff through the publication of career pathways.

Much of the function's staff is involved in administrative, transactional activities. Although its leaders want to drive decision making and to build up centres of excellence in areas like tax or corporate finance, they recognise that finance needs to get the basics right first, and to ensure that the financial input into departmental strategies is robust. The Ministry of Justice learned this after the 2015 Spending Review, when it made over-optimistic assumptions about how much revenue it could raise and incorrectly assumed that legal aid demand from the prison population would decline. Driver argued that focusing on the risks associated with these assumptions could have prevented later difficulties.

The discussion also touched on the way in which the function is managed. The [Institute for Government](#) and others have argued that the Treasury diluted its commitment to strong financial leadership by separating the roles of Head of the Government Finance Function and Director General for Public Spending at the Treasury. Driver argued that new leadership arrangements had been beneficial and gave him and the three directors supporting him greater capacity to devote to the function. He further argued that being in the Ministry of Justice forced him to take his own medicine, which in fact proved an advantage.

Delivering better decisions for government

The discussion highlighted practical ways in which the Government could make better financial decisions.

The first is the need to focus on end-to-end performance, as the [Institute for Government](#) has recommended in the past. The Treasury is already developing approaches to examining costs across a public service delivery chain rather than in individual organisations. Driver said that part of the function's role is to coordinate such discussions, so that for example a Treasury official thinking about policing will also consider the impact of changes in this area on courts and the probation service.

The discussion also pointed to the importance of ongoing planning. This will enable departments to be better prepared for when the Treasury fires the starting gun for the next Spending Review. Although spending reviews inevitably focus financial planning on a specific period, Driver noted this should be an ongoing activity (and recognised that it already is in some instances).

Finally, there is opportunity for finance professionals to take on more strategic roles. Mike Driver noted that the function needed to demonstrate greater boldness in showcasing the value it brings to decision makers and to proactively involve itself in relevant decision making. This is something the [Institute for Government](#) has advocated, which was echoed by the other discussants, Oracle's Anne-Marie Vine-Lott and Martin Wheatley. To this end, the function has worked with public and private

sector comparators to clarify the role of its business partners, who are often unclear on their role in advising departments.

But the onus also rests on other civil servants. If this agenda is to succeed, permanent secretaries have a role to play in creating demand and creating expectations about what specialists – including finance professionals – can bring to strategic decisions.

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Institute for Government
2 Carlton Gardens, London, SW1Y 5AA
United Kingdom

Tel: +44 (0) 20 7747 0400
Fax: +44 (0) 20 7766 0700

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