

Government Finance Profession

A celebration of **25 years**



GFP IN ASSOCIATION WITH

CIMA

Developing first class professionals in government

CIMA is the only professional body delivering an employer driven qualification for business in both private and public sectors. CIMA is the voice of over 158,000 members and students in 161 countries around the world.

CIMA understands the importance government places on well qualified finance professionals. CIMA helps provide excellent learning opportunities and supports staff recruitment and retention through a range of products and services to encourage the development of finance staff within the civil service.



Congratulations – here's to the future

I'd like to offer my very best wishes to members of the Government Finance Profession on your 25th anniversary. It is a tremendous achievement that the profession has gone from strength to strength. The diversity of roles that you carry out spans every area of public service delivery. Your skills and professionalism will help to deliver more with the resources we have. You play a vital role in helping to shape today's modern finance function and embed financial management into policy and operational delivery. I look forward to your future contribution in helping to make 'managing by numbers' a reality for decision-makers in your department.

A handwritten signature in black ink that reads "Gus O'Donnell". The signature is written in a cursive, flowing style.

Sir Gus O'Donnell, Cabinet Secretary and Head of the Home Civil Service

The Early Years: 1968 to 1982

Most British taxpayers would probably be surprised to learn that providing value for money has, until comparatively recently, featured very low down on the list of Civil Service priorities. For a long time, simply keeping the whole show on the road seemed to preoccupy Whitehall mandarins far more than ensuring that the public purse was spent prudently. Despite the best efforts of an enlightened few, it has taken some time for the benefits of ‘managing by numbers’ to be acknowledged by the upper echelons. Almost two decades, in fact.

This booklet celebrates the 25th anniversary of the Government Finance Profession (GFP), or the Government Accountancy Service (GAS), as it used to be. The history of the GFP is relatively undocumented, but it’s a story that should be told. Accountants are a much-maligned breed and they are often seen as inhibitors rather than facilitators. This was certainly the case within central government departments for a long time. It took political will, the determination of an ‘evangelical accountant’ and persistent

diplomacy to move Whitehall’s finance professionals from the bean-counting hinterlands to a central position where they could begin to ensure that the machinery of government was not only well-oiled, but cost-effective.

It wouldn’t be unfair to say that the GAS had a rather troubled childhood. Its birth took a total of 14 years and it was another decade before the organisation really found its feet. The original idea of raising the profile of finance professionals can be traced back to 1968, following the first review of the Civil Service for more than 100 years. The Fulton Report called for a complete overhaul of Whitehall, including the introduction of a unified grading system, a central policy planning unit and a much stronger management framework. In his conclusion, Lord Fulton specifically focused on the accountancy profession and noted that: “Present practice in the Civil Service severely restricts the role of the accountant class and excludes its members from responsibility for financial control.”

But it wasn’t until a report was commissioned to look into the use of Civil Service accountants five years later

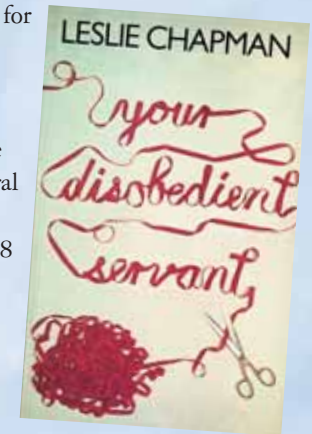




that this issue was not only addressed fully, but a solution proffered. The 1973 Melville-Burney Report finally asserted that the Civil Service would benefit from using higher calibre accountants and called specifically for the “creation of a strong accountancy service under a head of profession”.

It was the right time and the right place for financial management to be moved up the agenda. In 1975, Sir Kenneth Sharp was appointed the first Head of Profession and he drew up the first plans for what eventually became the Government Accountancy Service three years later.

The imperative to improve financial management in central government departments was further heightened by the 1978 publication of an explosive account of Whitehall mismanagement by a former Civil Servant. Leslie Chapman's book, *Your Disobedient Servant*, told a story of inefficiency and wasted taxpayers' money and confirmed to a jaded public that Whitehall needed to be brought to heel. The mechanics were finally put in place and 14 years after the Fulton Report had first recommended a wider role for accountants, the Government Accountancy Service finally came to life on 1 July 1982. At last it seemed that the age of accountants was about to arrive. ▶



◀ **Extracts from the foreword to ‘The use of accountants in the Civil Service’, by Sir Roland Melville and Sir Anthony Burney:**

“In a famous minute, Winston Churchill once said: ‘Renown awaits the Commander who first restores Artillery to its prime importance upon the battlefield.’ During the war, many accountants were to be found in senior positions in government departments. Today there are few, in spite of the growing scale

and complexity of public administration and the increasing problems involved in the relationship between government and industry.

“We are convinced that the efficient management and control of public business requires the appointment of more professional accountants in more senior posts of influence and responsibility. Such posts would form part of an enlarged Accountancy Service headed by an accountant of Second Permanent Secretary rank, and would provide greatly improved career opportunities.” ■



Sir Kenneth Sharp (1975 - 1983)

By the time I left in 1983, some of the departments were still very reluctant to see the significance of accounting information, while others were grasping it enthusiastically. Within the GAS enclave the feeling shifted from being part of a huge machine to one of belonging to a service. It was a change that was met with enthusiasm and anticipation.

The initial attitude of the Treasury had been lukewarm. I think they assumed that a non-professional force was adequate. This changed to reluctant acceptance, with the feeling that if the Service was shunted to the Department of Industry it would probably dwindle and die a natural death. However, I must say that before I retired I was much encouraged by the support of Lord Barnett (Chief Secretary to the Treasury and a chartered accountant). I felt a viable service would continue with high morale if a successor could be found quickly. Unfortunately it was some time before Tony Wilson succeeded me and I think that some of the momentum was lost. I should also say that the

role of Sir Peter Carey, who was then the DTI Permanent Secretary, was essential. He was very supportive and appreciated the input of the GAS.

For GAS to succeed the people involved needed to feel part of a progressive service. Therefore morale building was essential, and time spent on this was well spent. Contact with ‘the troops’ in various departments was encouraged by visits and seminars. It was a challenging time, but extremely worthwhile.

All in all, it was a challenging but worthwhile period. One of the most interesting signs of the time was the development of oil extraction from the North Sea. In the early ‘80s the DTI was very involved with the oil industry and I had the opportunity to visit a North Sea oil rig. During the helicopter trip back to shore the pilot turned to me and asked if I’d like to take over the controls. I’d watched him closely on the trip out, so I agreed willingly. For five minutes I flew a level course and then thanked the pilot and told him how much I’d enjoyed the experience. The pilot then asked me: “By the way sir, where did you learn to fly?” Rather taken aback, I told him that this had been my first experience. At that point, the pilot’s face paled and he confessed that he’d mistaken me for Air Vice Marshal Sharp whose arrival was also expected that week.

The First Decade: The Sharp, Wilson and Hardcastle years (1982-1992)

The arrival of the new accountancy service was formally marked by the then Leader of the House of Lords, Baroness Young, in 1982. Three objectives were outlined: a doubling of the number of professionally qualified accountants in the service over the following 10 years; the release of finance professionals from the confines of providing technical advice; and the development of long-term career plans to “equip the best accountants for senior posts”. To facilitate the process, the Government Accountancy Service Management Unit (GASMU) was also created to act as a focus for the training and development of the accountancy profession within government.

It appeared to be a simple enough mission. But as Sir Kenneth Sharp, the first head of the GAS (often referred to as the HOTGAS) discovered, there were several major obstacles to overcome. For a start, the

specialism was born in the wrong place. “Just to get it set up was a challenge in the first place and Ken did a good job,” recalls David Swift, who has seen the GAS develop from its inception and now heads HMRC’s finance professionalism and accounting services. “But, personally, I was never comfortable with it being founded in the Department of Industry and not the Treasury. It was put there on the basis of, ‘that’s where most of your accountants are, so go and join them’.” He continues: “It struck me as odd, because if you want to influence the heart of government, the place to be is the Cabinet Office or the Treasury. I thought this was a flaw.”

The role of the GAS should have been reinforced by the Financial Management Initiative (FMI), which was also launched in 1982 with the personal backing of the then Prime Minister, Margaret Thatcher. “The FMI came out of the Treasury, but essentially had the Prime Minister behind it,” says Sir

GFP
numbers
were **600** in
1982, and
7,000 in
2006

- ◀ Kenneth Sharp. “I believe she actually launched it officially right in the middle of the Falklands War, which gives an indication of the importance she attached to it.”

The FMI had been given the clear backing of senior government figures, but getting senior officials – or even the Principal Finance Officers (PFOs) – in Whitehall to embrace the role accountants would play was another matter. “There was a general feeling that there were a lot of Principal Finance Officers who knew nothing about accountancy and were not interested in accountants,” recalls Duncan Slaughter. He worked for Sir Anthony Wilson, who was brought in to the Treasury as HOTGAS following Sir Kenneth Sharp’s departure in 1983.

A current Head of Profession summarises the approach to finance that many PFOs took at that time. “PFOs measured their success in three ways: by getting the biggest bag of money out of the Treasury that they could; keeping all the senior managers in their department happy; and avoiding an NAO qualification on their accounts. That was their job. They paid lip service to efficiency and value for money. They were nowhere near being successful finance directors, because being an FD is all about how you get best value and drive up performance.”

The Department of Work and Pensions’s John Codling says recruiting accountants and then keeping them away from policy areas suited

In 1985 **60** people were at the first GAS conference. **600** were at the 2007 event

the people who recruited accountants. “If you recruited an HEO(D) and then put them in private office they will understand policy better. Accountants were seen as a threat because they have the ability to challenge.”

A seismic shift in Civil Service culture was required if accountants were to gain some ground. However, Sir Peter Middleton, the Treasury Permanent Secretary between 1984 and 1992, feels that a ‘softly softly’ approach was needed at the time. “I think if one had tried to push it too hard there might have been a reaction,” he points out.



Sir Anthony Wilson (1984 -1988)



When I was drafted into the Treasury in October 1984 as Head of the Government Accountancy Service and Chief Accountancy Adviser to the Treasury, I don’t think people knew what they were getting; I certainly didn’t. The scope of the job was wider than it had been in the Department of Industry, and I had the impression that I was seen as a dangerous interloper who might have loyalties elsewhere in Whitehall. The atmosphere thawed, however, thanks to great personal support from the Cabinet Secretary, Robert Armstrong, and Treasury Permanent Secretary Sir

From the finance professionals' point of view, the initial elation at the creation of the GAS slowly turned to disillusion as the anticipated career openings failed to materialise. With morale faltering, some accountants left the Civil Service altogether, while others closed themselves off from jobs in the specialism and opted for administrative work instead.

Despite getting his qualification as part of the early fast-stream intake, Nicholas Holgate, now Finance Director at the Department of Culture, Media and Sport, opted to continue taking policy jobs rather than those in accountancy. "Accountants suffered from the same

Financial Management Initiative (FMI)

The FMI was launched in May 1982. Some 31 departments were required to review their managerial responsibility and financial accounting and control systems.

Essentially, the FMI was the first real move to create a value-for-money Civil Service and included the development of methods for measuring performance and achieving objectives.

For the first time, finance professionals were to be put in a position where they had a key role to play in government reform. "The FMI was groundbreaking. It started the journey of improving financial management across government," says HMRC's David Swift. "Margaret Thatcher launched it and Michael Heseltine promoted it. Senior mandarins had no option but to embrace it."

Peter Middleton. The Government Accountancy Service seemed small and disjointed. Morale was poor and members felt that the absence of a recognised profession in Whitehall left them powerless – unlike the economists and lawyers who were better organised. Many also felt that the work they did was of a lower grade than their capabilities warranted and that some really challenging tasks were carried out by non-accountants. Promotion was hard to achieve and pay levels were much lower than those available to the private sector.

It seemed to me that the best way to improve this state of affairs was to try to persuade the Permanent Secretaries (and their group of Principal Finance and

Establishment Officers) that the Government's Financial Management Initiative was here to stay and would need more experienced accountants to make it work. Persuasion rather than instruction was the order of the day and no one should think the Treasury and I intended to introduce a 'one-size-fits-all' solution into their departments. It took much time and patience, but progress was made and the number and quality of accountants in the service grew. Ministers were persuaded that some premium salary rates should be made available to senior finance professionals and many of the new initiatives introduced in departments were important for professional development. At the same time, more

management accountants were recruited and also some unqualified people began training to provide back-up for less demanding work.

The development of devolved budgeting and resource accounting and similar projects all required more accountancy input, and even some of the diehard PFOs and PEOs came to realise that they couldn't operate the new procedures in their departments without more experienced accountancy help. At this point, the general morale within the GAS began to improve considerably. When I left the Treasury at the end of 1988, the numbers within the accountancy service had increased dramatically, but there was still a lot more work to do.

◀ syndrome as most specialist jobs at the time,” he recalls. “They were tacked-on, rather than on-top.” Many finance professionals still felt that the GAS had little in the way of teeth. Jeff Gilbert was at the Department of Environment at the time and later joined the GASMU. “I was made aware of this distant and remote outfit called the GAS,” he says. “They were always there for wise advice if you needed it, but nothing much flowed from them. There was just a periodical magazine [the Gasette], but really and truly it was just a name.”

Sir Anthony Wilson made an assessment of the GAS shortly after becoming its head in 1984. His findings sum up many of the issues that persisted throughout the 1980s. “Morale was appallingly bad because of the ever-present battle against running costs,” he remembers. “Trying to get a better reward structure for accountants in

government – even if you could persuade PFOs and Principle Establishment Officers (PEOs) how necessary accountants were – was a lost battle before you started. The salary rates were less attractive than the comparable rates in the private sector, and some of the old style PFOs and PEOs didn’t like the idea of an organised accounting profession that might encroach on their turf,” he adds.

There was some light on the horizon, however. Before the arrival of Sir Anthony Wilson as the HOTGAS, his post was moved to the Treasury and the whole structure put on a firmer footing. Another breakthrough came in 1986 when the



NDPBs

The beginnings of accrual accounting within central Government came with the establishment of Non Departmental Public Bodies (NDPBs) in the 1970s.

Earlier in the last century, you could count the number of NDPBs on the fingers of both hands. But in the 1970s they began to mushroom and, at their peak, there were well over 2,000. The Thatcher government then dismantled many, but also found it necessary to create additional ones.

The Treasury’s David Watkins remembers: “What people forget is that from the moment they were established they had to produce accrual accounts. If I’m asked to give some background as to how we started accruals accounting, people are always thinking about resource accounting, but it goes back a good decade and a half.”

Heads of Accountancy Profession (HOAP) network was set up. This not only provided a collective voice for the profession but allowed managers to consolidate key accountancy issues. “We had the first-ever Heads of Profession meeting with Tony Wilson and gathered HOAPs from far and wide,” recounts Duncan Slaughter. “My main memory is that we had to make an application for the lunch and there was some dispute as to whether we were posh enough to have chicken legs or not. It was a completely new phenomenon for the Treasury.”

The formation of the HOAP network showed that progress was being made; although it was only as good as the available talent. “We did make some headway, but it was very patchy, because it depended on who the accountants were in the departments,” recalls Wilson. “Some departments happened to have some experienced and very good accountants, others didn’t. One had to make bricks out of the straw available.”

The training programme initiated by GASMU was also beginning to bear fruit – but not as effectively as first envisaged. “The number of accountants was increasing significantly, but whether the departments

were using them in the way the service intended is arguable,” remembers GASMU’s Gordon Dixon. “The Ministry of Defence had a huge training programme based in Worthy Down. They were using accountants in all sorts of areas, like the Royal Dockyards and Ordnance, but largely still in bean-counter jobs, checking contractors’ invoices and the like.”

He adds: “We were increasing numbers, but not in the areas that mattered.”

At the heart of it all, Sir Anthony Wilson took the route of persistent diplomacy with the senior ranks: “I think I had some teeth because I was very

In 1985
one Business
Partner was at the
conference.
22 were there
in 2007



Sir Alan Hardcastle (1989 - 1993)*

Shortly after his appointment in 1989, it became clear to Sir Alan that progress towards the GAS’s objectives had been, to put it in his own words, “somewhat disappointing”. In terms of the numbers employed and their positions in departments, the role of finance professionals in the management decision-making process had increased very little. The broader career opportunities had not emerged either. With this in mind, Sir Alan undertook a major review of the main issues.

The recommendations of his 1990 report, which were endorsed by Permanent Secretaries, centred on improving the quality of accountants in government, rather than simply concentrating on numbers. The key aims were: to improve the selection and recruitment of qualified and trainee staff; to

restructure training to bring it more in line with the private sector; to focus greater attention on career development; and to give a more prominent role to HOAPs in the development of the GAS.

Sir Alan’s report also recommended that a fast-track scheme be set up (based on the Civil Service Selection Board scheme for administrative grades and economists) to recruit a small number of top-grade accountants for Grade 7 generalist posts, in order to demonstrate exactly what good accountants could offer. The scheme took off and over the last two years of Sir Alan’s tenure, a total of 22 Grade-7 fast-stream accountants were recruited, two of whom were internal candidates.

** Sir Alan Hardcastle died in 2002. This is an adaptation from Sir Alan’s introduction to his last Annual Review of the Government Accountancy Service, published in September 1993.*

- ◀ strongly supported by Peter Middleton (Treasury Permanent Secretary) and Robert Armstrong (Cabinet Secretary). They made sure I was invited to every six-monthly meeting of Permanent Secretaries so I could make my views known. But the main principle I adopted was that it was hopeless trying to instruct the cabal of PFOs to change their methods, unless I could make them see that it was worthwhile to do so. Otherwise the profession would be stillborn.”

GASMU also continued the campaign of quiet persistence. “GASMU tried talking to heads of profession to spread the word about what we could do,” Jeff Gilbert explains. “A lot depended on the Head of Profession. In the DTI, for example, the head was very good and they started to have a better view of accountants.”

This diplomacy continued with the arrival of Sir Alan Hardcastle as the HOTGAS in January 1989. Hardcastle’s key contribution was to review the progress made so far. “Without doubt, his major success was the review of the use of accountants,” says Duncan Slaughter. “He saw the review as a vehicle through which he could argue for change. He had no experience of the Civil



The Next Steps Agencies

The Next Steps Agencies began rolling off the production line in 1990. Next Steps was about the separation of policy and delivery. The new bodies handled their accounts on an accruals basis, which made them another precursor of resource accounting. Yet it proved a mixed blessing for the serving accountants. There were new jobs available, but they called for skills that most Civil Service accountants didn’t have. The solution was private sector recruitment.

Gordon Dixon was part of GASMU during this period and says one benefit of the ensuing recruitment drive was that it helped to raise the comparatively low average grade of accountants. “In the City, accountants commanded much higher salaries. So when agencies were recruiting accountants, they wanted people with commercial experience,” he says. “Offering SEO/HEO salaries would not get them very far, so they had to offer more – which upped the grade mix.”

Service as an organisation, but he got there in the end by his persistent gentleness,” Slaughter adds. “It was evolutionary rather than revolutionary and when I left in 1993, we were beginning to see change.”

Hardcastle’s conclusion of the GAS’s development was mixed. Although he described progress as slow and disappointing, there was a glimmer of hope in the fact that accountancy resources were becoming better organised and integrated into departmental work. ■

The Second Decade

The Likierman legacy: 1993-2004

The first 10 years of the GAS may have been largely limited to increasing the number of qualified accountants in Whitehall, but the arrival of Professor Sir Andrew Likierman as the HOTGAS in 1993 provided the seismic change that everyone had been waiting for. A softly-spoken financial academic, Likierman approached his job at the Treasury with an infectious zeal. “The thing about working with Andrew was his natural enthusiasm,” remembers Kevin Ross. “I think it was the Public Accounts Committee who said he was the first evangelical accountant they’d ever met.”

Likierman set about making two fundamental changes to the way central government departments operated. The first was to bring the accounting system in line

with private sector business practices, by shifting from the outdated cash-based accounting method to the more robust standards of accrual accounting. For the first time, financial management was to be truly embedded into central government departments.

Looking back, Likierman says the process of change was remarkably slow and frustrating. But it was a landmark event for the GAS when the Resource Accounting and Budgeting Bill was introduced in the 1999-2000 parliamentary session. “Resource accounting and budgeting was critical to bringing accountancy expertise into the mainstream of government business,” he says. “Accountancy has a huge amount to contribute to government and I’m proud to have done my bit to help it realise its potential.”

Three years later, Likierman achieved ▶

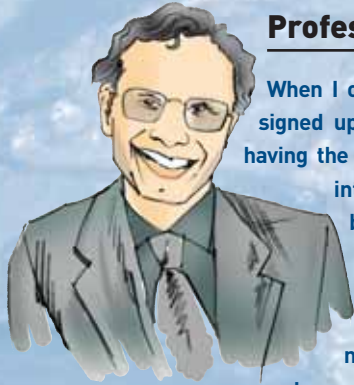
6,500
copies of
the Gasette are
distributed
each issue



◀ another landmark by successfully persuading Whitehall to change the role of department finance heads from 'generalist' principal finance officers to 'specialist' finance directors. Even when Likierman arrived at the Treasury in the 1990s, PFO indifference was still rife. "None, as far as I remember, was an accountant and there was a huge scepticism about what accountants could possibly offer. By the time I left, the position had changed radically by getting agreement from the permanent secretaries that all PFOs had to be qualified accountants by the end of 2006."

GFP website launched November 2005. There were **85,000** hits in the first **12** months

Endorsement from the top was crucial to Likierman's success. "The support of Chancellors of the Exchequer Ken Clarke and then Gordon Brown for the change agenda was absolutely critical," he concludes. "Without it, the forces of inertia would have been able to stop the changes – there is always a good reason for not doing something and someone will find it." Behind the scenes, staff recruitment and retention was still difficult. However, the growth in the number of government agencies (which had expanded from 12 in 1990 to over 100 six years later) had provided new



Professor Sir Andrew Likierman (1993 - 2004)

When I originally started work at the Treasury, I signed up for two years. In fact, I stayed for 11, having the irresistible opportunity to be involved in introducing resource accounting and budgeting, all the way from Green Paper to detailed implementation.

Why did I get involved? I came to the from a background in government financial management as advisor on public spending to a number of Select Committees and from my academic work at the London Business School. So when the HOTGAS post came up, I couldn't resist the temptation to apply.

The resource accounting and budgeting project was rather like a game of snakes and ladders. The biggest ladders were strong ministerial support from

both Conservative and Labour chancellors in the period – Kenneth Clarke and Gordon Brown.

Snakes? Well, there were lots of people who were convinced that good old cash accounting was fine. And a ladder that almost turned into a snake was the passage of the Resource Accounting and Budgeting Bill through Parliament. I'd assumed it would be a purely technical piece of legislation that would pass quickly and unnoticed. Nine months later, having battled at every stage of the parliamentary process, including all-night sittings and initial rejection by the House of Lords (because – it was said – half-a-dozen peers had "wandered off" and had missed the vote), the Bill finally became law.

I'm proud of a number of things from my time as HOTGAS. One is the big picture – the UK has set a standard in financial planning, control and reporting that many other countries have chosen to follow and has followed a long tradition of helping them to do so.

roles for finance professionals and introduced the idea of more competitive salaries. Likierman believes that money should not be the sole incentive for public sector finance professionals. "I always believed, and still do, that there is an important minority of capable people who are not motivated primarily by money and find that what the public sector has to offer is right for them," he asserts. "Finding such people is crucial to recruitment. Giving them satisfying jobs is also crucial to keeping them." It had taken the best part of 10 years of dogged persistence, but by the middle of the 1990s, the GAS was beginning to move confidently into adulthood. ■



The second – closer to my desk at the time – was moving my Treasury directorate from the prevailing mood of cynicism and isolation when I arrived to recording high levels of satisfaction in employee surveys when I left.

I'm also very proud to have contributed to enhancing the role of central government finance professionals. This has not only been from the introduction of resource accounting and budgeting but in securing agreement from Permanent Secretaries that PFOs should be replaced by professional departmental finance directors.

I was very confident that central government departments would learn to fully use the expertise and dedication of their finance professionals and I'm delighted about how much has been achieved.

Resource Accounting and Budgeting

The introduction of resource accounting and budgeting (RAB) in 2000 was not just a big moment, but a seismic shift in central government culture. Ros Dunn, the RAB project leader, says: "It seems extraordinary now that the only bit of the UK economy that did not plan and account on an accruals basis was central government."

RAB was worth doing because it put budgeting on a more practical basis. The Government's fiscal framework depended on RAB and it gave the accountants more legitimacy than ever before. "It made the profession seem a lot more relevant across a wider section of activities," Dunn adds.

The RAB effect was such that even Permanent Secretaries began talking about resource consumption. The accountancy service instantly became more attractive, as it was brought into the decision-making process at the very centre of government. "It was essentially with resource accounting and budgeting that you actually saw the real influence of the accountancy profession as it began to be better recognised and understood," says Dunn.

Completing the Silver Jubilee

The Keegan experience: 2004-

It was quite a wait, but today's finance professionals have finally progressed from the back office to the boardroom. Looking at the changes in recent years, the transformation is remarkable. Not only are a growing number of finance professionals now being placed in strategic positions across central government departments, but the focus has turned to ensuring that general managers throughout the Civil Service attain a degree of financial literacy. Managing by numbers is now rising to the top of the agenda.

When Mary Keegan became the new HOTGAS in

Mary Keegan (2004-)



Looking back at my first three years as head of the GFP, I'd like to think that we've embarked on a new period that could best be described as 'the era of professionalisation'. This new approach is highlighted by our recent name change from the Government Accountancy Service to the Government Finance Profession, with the emphasis now on introducing world-class financial management into central government.

Perhaps the most important catalyst for this new era was the former Chancellor Gordon Brown's announcement, in 2004, that all departments should have professional Finance Directors with a seat on the departmental board. This was one of my first major challenges and we are already seeing dramatic changes. Within less than three years we have gone from around 20% of departmental spend being under the control of a top-flight accountant to the current figure of 91%. This has given real impetus to the improvement agenda. Now, each senior finance professional can drive change within his or her

departmental family. Essentially, what we have done with Sir Andrew Likierman's legacy of resource accounting and budgeting is to drive it hard into the management process. In 2004, I began a series of departmental reviews to gauge the effectiveness of Whitehall's financial processes. These reviews set the tone for our subsequent agenda. Our work was based on achieving improvement in three core areas: the decision-making process; the financial skills of senior Civil Servants (which led to the launch of the Financial Skills for All programme); and the quality of the information given to top boards for performance management. At the same time, we in GFP have taken steps to support each other with the launch of the Government Hundred Group and to develop future Finance Directors by introducing accountancy training for fast-streamers and improved career development for qualified accountants.

Each of these initiatives has been underpinned by a strong emphasis on governance and accountability. We have produced a Corporate Governance Code for all departments and we've rewritten the ethical guide to public spending. This was first published in 1915 as Government Accounting and is now called Managing

2004, she was determined to take the Likierman legacy and run with it. “Managing through numbers has now become a reality,” she asserts. “Departmental heads and ministers have a much clearer understanding of where the spend has got to and the progress made in performance. That’s coupled with the forecast of where they’re going by the year-end and beyond. It’s making the management process more tied to measurement – a real success in terms of driving performance in public sector delivery.”

Keegan’s work ties in neatly with the 2004 Gershon Review into public sector spending efficiency and the

Public Money. We haven’t neglected external accountability, either. In my first year, 10 departments laid their accounts in Parliament before the summer recess.

This year it was 47 out of 51 – a spectacular improvement. And we are now focusing on the transparency of our external reporting by embarking on an exercise to reconsider how we publish estimates and accounts.

Looking ahead, I’d like to think that my personal legacy will be the foundation of a cultural change whereby Whitehall is managed by numbers rather than instinct. That doesn’t mean that instinct is wrong. But evidence-based policy-making means setting realistic costings and clear, measured targets for outcomes – so that public service delivery can be steered effectively. Private sector boardrooms are hungry for numbers. Public sector boardrooms are not quite like that yet and it’s that change that we have to keep working on.

The GAS Timeline

Event	Date
1968	Fulton Report
Jan 1973	Melville-Burney Report
1975	Ken Sharp becomes Head of GAS
May 1982	FMI started
July 1982	GAS becomes a specialism
Oct 1984	Tony Wilson becomes Head of GAS
1985	First annual GAS conference
Jan 1987	Heads of Accountancy Profession appointed
1988	Start of Next Steps programme
Jan 1989	Alan Hardcastle appointed Head of GAS
Nov 1990	First GAS report
	GASMU becomes DART
1993	Andrew Likierman new Head of GAS
June 1996	Second GAS report
April 2001	Resource Accounting and Budgeting introduced
Sept 2003	PFOs become Finance Directors
April 2004	GASMU becomes the Finance Professionalism (FP) Team
Sept 2004	Mary Keegan becomes Head of GAS
April 2005	Finance becomes a PSG core skill
April 2006	GAS becomes the GFP
April 2006	Launch of the Fast Stream Finance Option
April 2006	Launch of Love Learning
June 2007	Government Hundred Group started

◀ Government's 2007 Comprehensive Spending Review, which took a long-term look at public services. "What we're working on with the Spending Review process is a better articulation of measures of performance and delivery," Keegan says. "It's about what we're doing with the money, so we can link delivery measures with spend. We're refining the management process."

Central to these objectives is the role of the finance director. Keegan has been working hard to create a strong cadre of FDs to spearhead future development in each departmental family.

"Once we have more qualified experience, the heads of department will create the change in their own environment," she explains. "So it will no longer be about HOTGAS creating change, it will be about a team of

finance directors creating change across Whitehall."

The intended goal of having qualified FDs in all departments by 2006 has not been reached, but it's not far off. By December 2006, 91% of government spend was managed by qualified FDs. The only exception in the main government departments is the Ministry of Defence. "This is only a matter of time," Keegan says. "When the current FD is ready to move on, there'll be a recruitment drive."

Another of Keegan's priorities is the promotion of finance professionals to senior Civil Service positions. She was central to the recent formation of the Government Hundred Group, which brings together senior Civil Service professionals, including those in NDPBs and public corporations. "The idea is to create a social and



GASMU... to Finance Profession

The Government Accountancy Service Management Unit (GASMU) was established in 1982 to provide a focal point for all matters affecting accountants and accountancy training in Whitehall. The unit assisted in arranging inter-departmental transfers, supporting the development of posts in the specialism, providing career advice to GAS members and advising departments on the recruitment/ promotion of finance professionals.

However, despite the initial fanfare, GASMU failed to live up to the expectations of many of the early accountants it served. Much of the

disappointment was based on the fact that the unit was not set up in the same way as other professional structures. "My initial impression was that we struggled because we were not a centrally managed unit," recalls Gordon Dixon, a former GASMU head. "The economists and the statisticians were centrally managed and this gave them tremendous influence in departments. I don't think it was ever intended, but the degree to which we could influence was much smaller than theirs."

Although GASMU brought a central focus to the accountancy profession, its remit was advisory

rather than strategic. The head of Finance Professionalism (the present incarnation), Mal Singh, believes this was a logical, if unwelcome, approach. "Prior to the formation of the GAS, pockets of accountants had developed in various departments and they had their own channels in place," he explains. "It would have been difficult to have centralised the process, as people came from many different types of accountancy background."

However, according to Jeff Gilbert, another former member of the GASMU management team, the tide began to turn in the late '80s. "The



The Rise of the Finance Director

GFP's Mal Singh had a bird's-eye view of the move from unqualified Principal Finance Officers (PFOs) to qualified Finance Directors (FDs). "It came towards the end of Andrew Likierman's tenure," he recalls. "He phrased the proposal so that it came across not so much as an idea, but as a statement of where the government wants to be. There was a lot of resistance. People in departments had different interpretations of what this meant. Did it mean the person at the top had to be actually qualified, or just have access to someone who was qualified?" The picture is different now. "When I came in 2003 there were two FDs who were qualified," Singh says. "There was a Public Accounts Committee hearing in 2004. Andrew Likierman was asked what percentage of FDs were qualified. The answer was 26%. At the end of 2006, the figure was over 90%. Andrew said the transition could happen within two to three years, and it did. In a very short time, the whole landscape of finance changed. Our intention, though, was never to go for a revolution."

magazine, the Gasette, was improved and I decided that communication was the key," he remembers. Gilbert was responsible for starting the bi-annual lectures at the Civil Service College and managed to secure a 20% discount on the fee from tuition providers and the professional accountancy bodies. It was also during this period that two annual conferences were launched – one for trainees and the other for qualified accountants – with outside firms giving their support.

One of the most significant moments in the unit's history came in 1996 when it was re-named

the Development of Accountancy Resources Team (DART) following Sir Andrew Likierman's review. "The re-naming came with the evolution of a more commercial style of accounting," says Kevin Ross, then head of DART. "Sir Andrew said the word 'management' for the central team was misleading and that the focus should be on more prudent financial management within departments."

The current broadening in focus from the accountancy profession to general financial literacy throughout central government was marked in 2004 when the unit was again re-named, this time as the

Finance Professionalism Team. "Because financial management has now become a core skill for all senior Civil Servants, our remit widened and now includes improving financial capability in the top 30,000 Civil Servants," explains Mal Singh.

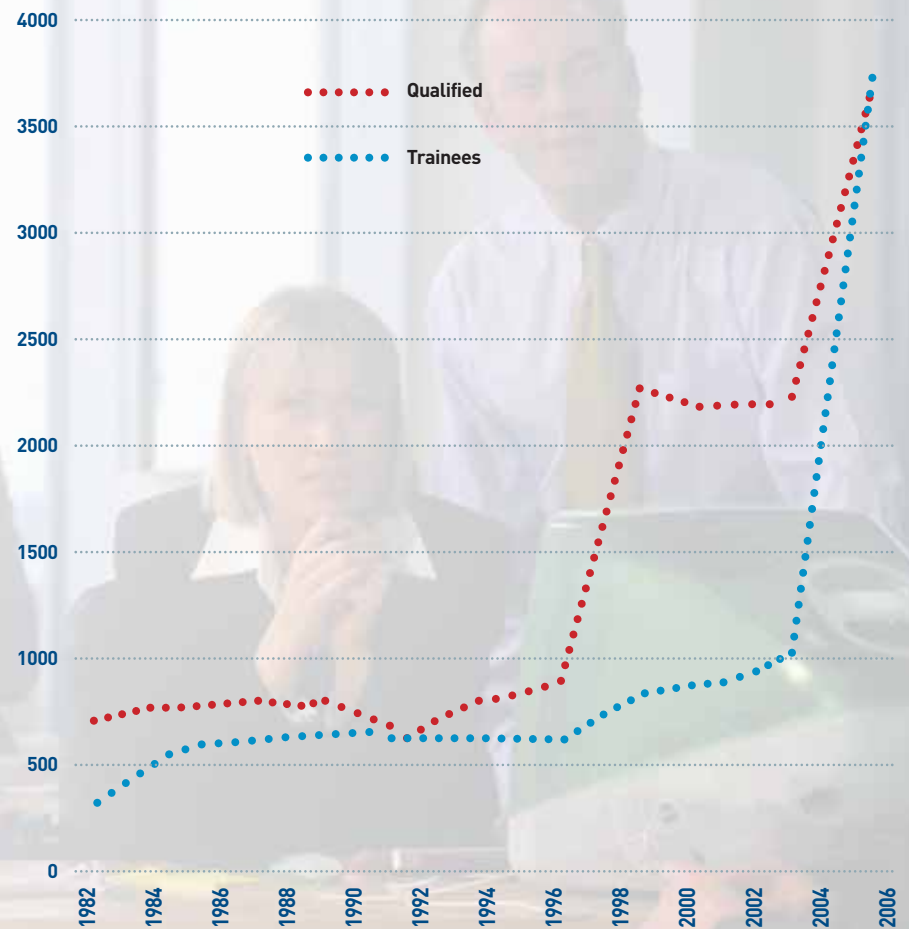
The loose structure that once dogged GASMU has now become a virtue, according to Singh. "Moving beyond the advisory role to strategic direction setting ensured that the GFP shaped and influenced the policy around 'professional skills', not just for its own professional community, but for senior Civil Servants more widely."

◀ working community which in many ways emulates the private sector Finance Directors' 100 Group – where the most senior private sector finance professionals can exchange best practice,” she explains. “We’re asking them to think about career development, in part for themselves, because there are people within that group who aspire to be Directors-General and, I hope, Permanent Secretaries. But also to think about the career development model for people coming up below that.”

Woven into these initiatives is a sustained drive to improve the professional performance of government officials across the board. “We came to the conclusion that we needed to do something pretty quickly about financial training for general management budget holders,” Keegan recalls. The Financial Skills for All and Professional Skills for Government programmes now provide an easily-accessible method for all Civil Servants to improve their financial literacy. Keegan has achieved a significant result by ensuring that financial management is established as a core skill for all Grade 7 and senior Civil Servants.

In 2006 it was decided that the Government Accountancy Service should be revamped and its name changed to the Government Finance Profession. The idea behind the re-branding was to free finance professionals from the stereotypical perceptions of accountants and to reinforce the widening of the financial management agenda. “It’s a virtual community rather than a membership subscription service,” says Terry Rogers, the current editor of Gasette magazine. GFP’s membership has grown from

Growing the numbers



600 to around 7,000 and it's now a widely respected body. "We're now used as a best practice guide for how to go about the whole professionalisation agenda," Rogers adds.

Mary Keegan is confident about the future. "We've made substantial but not uniform progress," she says. "Some departments are way ahead and some need to catch up. Some have encountered delays, but we're getting there. We keep repeating: it's about governance and skills and information."

However, she feels there is still some way to go before financial management becomes a way of life in Whitehall. "For the future, I'd like to be confident that the whole of the management process, including ministers and senior Civil Servants, understand and value the information they get from the finance function," she says.

Documenting the profession's history has been like charting the journeys of many pioneers. Only by piecing together individual experiences do we see the full story and how remarkable that story has been. There is now a community of finance professionals in government, much bigger than anyone had imagined. It's got like-minded people who are helping to shape and drive performance not just within finance functions but also throughout the business. The profession has not just grown in numbers but also stature. It's matured to ensure finance moves centre stage in the business of government. Above all, everyone can now see the GFP supporting the delivery of excellent public services. This is a good place to finish the first 25 years... and a wonderful place to start the next 25! ■

With thanks to all those that contributed to the production and publication of this booklet

Gasette keeps GFP informed

The Gasette, the in-house magazine for the Government Finance Profession, continues to keep its readers informed of developments in the GFP. It is issued free to all members. If you don't already get a copy and would like one, please email your name and address to gasette@hm-treasury.gsi.gov.uk



SUCCESS

CIMA and you in business together



CIMA professionals drive some of the world's most successful organisations.

They work as an integral part of multi-skilled management teams and go way beyond accountancy, providing:

- analysis and strategic decision support
- risk management and strategic planning
- broad management focus and effective communication skills.

To find out more about how CIMA, the Chartered Institute of Management Accountants, can add value to your organisation visit: www.cimaglobal.com/government3



CIMA voted one of the UK's strongest B2B brands

