



EBOOK

# Spend Management

Transforming Public Sector Spend  
Management with Technology



## Introduction

The professional principles of honesty, transparency, accountability, accuracy and fairness are all crucial in procurement and finance, ensuring the greatest return on investments that have been decided in an ethical, logical and unbiased way. This is particularly for spend management within public sector organisations, where there is an additional responsibility to the taxpayer and to governing authorities. The general public expects to be able to hold public servants to a high standard, especially when they feel like their taxes are directly paying for their wages, as in the instance of a local authority or NHS provider.

We are at a time of massive and rapid change. Conversations around Industry 4.0, or the Fourth Industrial Revolution, include considerations of how new and advancing technologies are transforming organisations and the everyday life of citizens. This includes the use of Artificial Intelligence (AI), Virtual Reality (VR), machine learning, automation, the Internet of Things (IoT) and Internet of Systems (IoS). It encompasses a shift to smart buildings, smart systems and smart processes, where data sharing influences and drives demand and delivery systems that are focused on optimisation of resources. The real power at the heart of this new era is digital connection, allowing technologies, devices and systems to interact, respond to each other and work together.



A man and a woman in business attire are working at a desk in a modern office. The man is on the left, looking at a laptop. The woman is on the right, looking at a document. The background features blue vertical panels and curved yellow light fixtures.

**90%** of finance and procurement professionals had to manually match some invoices in the past year

## Technology is both driving and enabling change

These new developing technologies can transform what we do in finance and procurement. For example, a fully connected supply chain that uses machine learning to predict and respond to changing circumstances can also use automation to make repeated adjustments, optimising spend while protecting delivery times and ensuring best value for money. It's crucial that the sector recognises the potential for these developments to help professionals deal with the current challenges and pain points.

The Advanced Trends Report 2022 highlights these issues reveals the current relationship that finance and procurement professionals have with technology.

Technology solutions can help with these challenges and issues. The public sector in particular has been slow to adopt new technologies and it must start playing catch-up with the private sector in the interests of upholding the same levels of honesty, transparency, accountability, accuracy and fairness, serving the public in the most effective and efficient ways.

### These are some of the Advanced Trends Report 2022 findings:

- When considering their number one daily challenge, more than one quarter (**26%**) say it is having access to accurate data and information.
- **60%** tell us they experience difficulty accessing systems remotely, some or all of the time.
- Not surprisingly therefore, **77%** say they work more effectively in the workplace than remotely.
- Half (**50%**) say getting better quality data for the board to aid decision-making is their number one priority this year, and **25%** say it is to be more strategic.
- **30%** don't think the information in their current finance/ERP systems is accurate – this figure rises to **63%** for professionals working in local and central government.
- **20%** have already adopted Cloud-based technology, and **29%** are currently evaluating it (in pilot) and another 19% have researched and plan to migrate to the Cloud.
- Maverick spend is a significant issue, with almost half (**49%**) experiencing it at least some of the time.
- At least **90%** had to manually match some invoices in the past year.

The UK government's Procurement Bill is intended to make public sector procurement processes fairer and more transparent. Technology is an essential tool for enabling this as, for example, having access accurate and real time data can ensure decision-making is based on full knowledge and accountability. Legislative requirements too, for example, can be met much more easily using technology that integrates regulatory compliance allowing for more transparency,

Some of the latest digital solutions can have a significant positive impact on the time and task management.

- Digital financial systems **automate reporting**, making it easier than ever – there is no need to migrate data from one on-premise system into spreadsheets (where human error can creep in) to create reports. What once took days is possible in minutes, ensuring the board has the best quality information for optimum decision making.
- Automating time-consuming processes frees finance and procurement professionals to spend **more time on strategy**.
- Integrating straightforward processes for all employees encourages higher rates of digital participation, **reducing maverick spend** as it's easier to follow the process than to go rogue.
- The same is true for matching invoices – the process is so quick and straightforward, purchasers find it easier to follow the correct route, greatly reducing the time spent manually matching later.





In the current skills shortage with record numbers of unfilled job vacancies across most sectors, including within public sector organisations, technology can be an effective way to help attract and retain good employees.

- It's as easy to access this data working remotely as it is in the workplace, so every employee can enjoy the same opportunities for flexible and hybrid working – something that has become a standard expectation for many workers since lockdown.
- Where public sector organisations have been slow to adopt new technologies, it has made attracting talented new employees from the private sector very difficult. They are used to more efficient and streamlined processes, so why would they choose to go back to older, slower and tedious processes?
- Offering prospective staff the latest tools and digital solutions makes it easier to attract new hires and also to retain the best employees in the existing workforce, as they can see their employer is investing in making their working lives easier.

Another critical advantage of using the latest technology is having an added level of confidence around compliance. Legislation and regulation are additional challenges for finance and procurement professionals working in the public sector. Having access to digital solutions with in-built legislative compliance that can operate with best practice makes it much easier to avoid mistakes. Instead, it becomes easy to demonstrate that best practice is being followed at every stage, ensuring fairness and transparency in purchasing decisions.

## Improving lives and encouraging public feedback

Many local authorities and other public sector bodies have already invested in digital transformation programmes that have brought improvements to service delivery, helped reduce waste and control costs more effectively, driving greater productivity and ROI. Dorset County Council's [The Smart Place Investment Plan](#) is a pioneering project supported by private sector partners, delivering a 5G internet solution to citizens. It has created an internet of things (IoT), connecting machines and devices via the internet, to improve services, provide free public WiFi, attract new investment, employment and innovation. The council anticipates it will bring £137m to the local economy by 2030.

A government-funded pilot that ran until March this year allocated funding to 13 local authorities across England to provide innovative digital tools that allow residents to access and comment on the planning process. It is designed to boosting public engagement by making the process more transparent and accessible, while encouraging groups that are typically underrepresented in planning feedback such as renters, young people and those from ethnic minority communities to get involved and have a voice. The councils will create tools such as an online 3D map to help people visualise proposals, QR codes to provide access to information and use digital technologies such as social media and blog posts to help capture responses outside of the formal consultation process, for better insights into public opinion.





## What's next?

Looking ahead, the Trends Report also reveals how finance and procurement professionals see technology in the longer-term future. 41% expect AI to make all critical business decisions by 2030 and 32% believe it will replace at least half of all manual work by that date.

In the meantime, over just the next few years, Machine Learning and AI will be increasingly employed to take the guesswork and opinion out of decision-making. They will access the most accurate and up-to-the-minute data, automatically recognising trends to predict behaviours and establish patterns that will help finance teams with planning and optimised decision-making.

In our survey, almost one in five (19%) believe the workplace will be positively transformed by robots. Automation will reduce the time that people need to spend on repetitive and manual tasks, giving them more space for having new ideas, supporting greater innovation and creativity and more time to spend with customers, prioritising their uniquely human and social skills and expertise. Building better relationships with residents is a key ambition for many local authorities and other public sector bodies, improving the experience for local people that leads to better feedback and improving the employee experience too.





**63%** of finance and procurement professionals working in local and central government organisations now believe the information held in their finance or ERP system is not accurate

## Reality or Public Sector Pipe Dream?

With the UK potentially on the verge of economic recession and public sector spending budgets already set, there is no denying the fact that new decisions to invest in significant technology projects such as large-scale migration to the Cloud could be a tough sell. However, the multiple benefits of using up-to-date digital technologies – more accuracy, reduced human error, greater efficiency and more, illustrates the need to make those investments now.

Our Trends Report shows that leaders recognise the importance of technology in helping to improve ROI and enabling them to deliver better services to their customers. However, many feel they are being held back by outdated technology. 63% of finance and procurement professionals working in local and central government organisations now believe the information held in their finance/ERP system is not accurate. Without accurate data, all decision-making is based on hunch, preconceived ideas and past experience, not on actual fact.

Another requirement for leaders in the public sector is retaining employees in order to be able to continue to deliver services. Digital solutions can significantly improve employee experience, making their jobs easier and less stressful, allowing them to spend more time collaborating with colleagues and dealing with customers than wrestling with out-dated legacy computer systems.

Customer experience is also important and new technologies can include the gamification of public services that enhance access, encouraging more people to interact with local authorities and others online. Integrating this with more VR can also help to transform the experience, making for happier customers who are more engaged with service providers.

We're probably only just starting to see the potential for some of these digital solutions to transform public sector organisations both for employees and for customers. However, having access to real time, accurate data and the power of automated, fully-informed decision-making and efficient processes will transform the way that finance and procurement professionals manage spend in the public sector. This technology makes achieving transparency, accuracy, and accountability easier, promoting the public interest and demonstrating best practice, with the highest ethical standards in relation to public spend management.




## We would love to hear from you

To discover how Advanced Spend Management can help you achieve your goals, get in touch today.

Get in touch

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