Public Administration and Constitutional Affairs Committee
Inquiry into Government Accounts

Introduction

There has been a continued focus on building towards digital government in the UK, but this has largely focused on the external facing services to the public. It has been accompanied by a Transparency agenda, which has widened the digital government agenda to include the reuse of public sector information data made available as part of the delivery of government services, most notably via the Open Data agenda. These initiatives have enabled a new level of accountability to be achieved and greater scrutiny of the operation of government.

In a period where there is ever greater focus on efficient governance of departments, a reliance on management accounts, no matter how well prepared and audited, to deliver an appropriate level of utility and allow scrutiny for the whole of government is inadequate in 2016.

Organisations in all sectors now regard data as an asset and data is often considered to have a value in balance sheet terms, or indeed as part of a Merger or Acquisition strategy. In one of the largest deals in technology history, Microsoft paid over $60 for every user on the LinkedIn platform. This new approach to regard data as an asset goes beyond the Transparency and Open Data initiatives, particularly as it applies to data that is unlikely to be made open but which has great value. The data that is used to prepare the monthly management accounts can be regarded in these terms and due to sensitivities around the data, it is redacted for public consumption.

Unlocking the value

As preparation for the building of our original cloud services for the first G-Cloud framework, FlyingBinary looked for suitable government data to understand the most effective way to demonstrate the value of government data to all potential users of the data, including the public.

We decided to use the Combined Online Information System (COINS) data released on the Cabinet Office data portal, data.gov.uk. This data was chosen as it was viewed as impenetrable by the open data community and Cabinet Office, because the data was redacted, and it was much larger than other datasets. In our view it was exactly what would be needed to understand the effectiveness of government policy during a period of financial austerity.

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1 FlyingBinary is a web science company which changes the world with data. Providing cloud, data and collaboration services, including Big Data and IOT on HM Government accredited G-Cloud platforms, to G-Cloud Security Audit standards. We have transformed organisations and nations, evidencing the value of a connected organisation across the world wide web.
FlyingBinary co-founded the data journalism industry with the data editor at the Guardian: we create ‘data stories’ that are consumed by a citizen audience of 34 million across the world. We approached the COINS data in exactly the same way, and naively assumed that an approach to HM Treasury to showcase what we had built would be a gamechanger for the UK.

While the team in HM Treasury were immensely helpful in confirming that we had completed the exercise more accurately than anyone else it was not a service they would use. They had commissioned a new Online System for Central Accounting and Reporting (OSCAR) and would not need any additional capability.

**Transparency or visibility**

FlyingBinary decided to continue to build our prototype, which we call Financial Intelligence. Using the COINS data was a key way to demonstrate the impact of transparency and the value of making management accounting data available to all, not just data specialists and management accountants or auditors. Additionally we had begun to deliver G-Cloud services making data usable for other government departments. Through this delivery, we were understanding the low level of data literacy across government and the need to make data available to support the delivery of the public task. This prototype moved the management accounts to form merely being visible to being transparently available to all.

The Financial Intelligence prototype is able to produce financial analysis in year, and looks at how successful individual departments are on their budget forecasts and outturn. Cabinet Office initially expressed interest in this work and we were given the opportunity to showcase the prototype to the Senior Responsible Officers (SRO) for the accountable Departments. We presented the management accounts data as a Whitehall “League Table” which demonstrated the effectiveness of management accounting practises. As data engineers we were able to present all the data **even though some data had been redacted**, to give a complete picture. We subsequently followed up with each department SRO, but again the scrutiny we could provide was not something they wished to follow up on or deemed necessary for their work.

**The Institute for Government**

We have changed the prototype to smooth the machinery of government changes and this allows **instant** year on year comparison year on year despite the changes made to the structure of departments. This has allowed us to see over a period from 2007 through the introduction of the new OSCAR system the financial performance of every department from a Ministerial perspective, year on year down to individual account codes. We have built the prototype on the principles we use in our data journalism work, and so it can be used as a self service tool to scrutinise specific spend by all audiences including Parliament and the public.

We were invited to present our prototype at the Institute for Government in the summer of 2015 as a result of Cabinet Office profiling our work with the COINS and OSCAR data. We were dismayed to find that the Whitehall Monitor issued in November of 2014 had used a number of the ideas we had presented. It appears that we evolved the Institute of Government’s thinking. We are however no nearer discovering just how we can present our
Financial Intelligence service to the appropriate audience, those who need to move to a new level of scrutiny for the management accounts.

**Introducing Data View**

As part of our G-Cloud work we have worked with the specialists within Ofsted to deliver G-Cloud services that usher in a new era for educational performance data. This has culminated in the release of the Data View platform which allows any civil servant, Department, School, parent or member of the public to scrutinise the performance of our education system. This is a publically available platform which can be accessed via the following URL: [Introducing Dataview](#)

This is an data journalism platform, it uses the principles of the work we performed during the three years of work in Cabinet Office on a voluntary basis as part of the Open Data User Group (ODUG). FlyingBinary’s CEO contributed the evidence base for the development of the Open Data agenda. In particular we developed a new form of Open Data with the creation of Demand Led Open Data which had active participation from the public and the UK data community. Demand Led Open Data continues to be adopted by governments outside the UK, despite the discontinuation of the ODUG, understanding what the public requires from government helps shape the agenda itself.

It is important to note that the Data View example is presented as illustrative, the COINS and OSCAR data would require us to provision a G-Cloud service to make what we have built available for independent scrutiny of the Departmental Accounts. We are a UK SME who are not able to fund the provision of this Financial Intelligence service, as a production service and we have been unable to find anyone else willing or able to do this.

**Additional Benefits of Financial Intelligence**

As one of the successful suppliers on HM Government’s G-Cloud Framework, we have been awarded all eight frameworks and have worked with many departments, local authorities and agencies to demonstrate the possibilities of innovating with data. On average we are 90% cheaper than the services we replace when we implement our G-Cloud services. We imagine that this is would be an underestimate for the Departmental Accounts when the cost of the preparation, audit and dissemination of the accounts is taken into consideration.

Based on the Financial Intelligence prototype we have built there are additional advantages of this innovation other than delivering the additional scrutiny.

An internal Whitehall Financial Intelligence service would allow the budgets to be tuned in year and provide the ability to showcase best practice across Whitehall for forecast against outturn. This would give in year improvements to departmental budgets. This would also put in place the equivalent of a feedback loop for Departments, Ministers, Permanent Secretaries and Parliament. A version could made available for public consumption using the Data View model. This Financial Intelligence service would be available as a secured and accredited self service provision on demand, and on tablets and phones as needed. At a time of continued pressure on public finances, this would be an invaluable independent resource for improving the financial literacy of all involved, not just those accountable or responsible for scrutinising Whitehall.
According to the Institute of Management Accountants (IMA): "Management accounting is a profession that involves partnering in management decision making, devising planning and performance management systems, and providing expertise in financial reporting and control to assist management in the formulation and implementation of an organization’s strategy”.

As we evolve policy post Brexit, Financial Intelligence would allow us to monitor policy goals for Departments and across Whitehall, and the impact on the national finances. This would implement outcome based feedback on the national finances, allowing the UK to tune both policy and financial commitments based on data. Financial Intelligence would deliver on the promise of Management Accounting using data innovation and an accredited G-Cloud service.

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