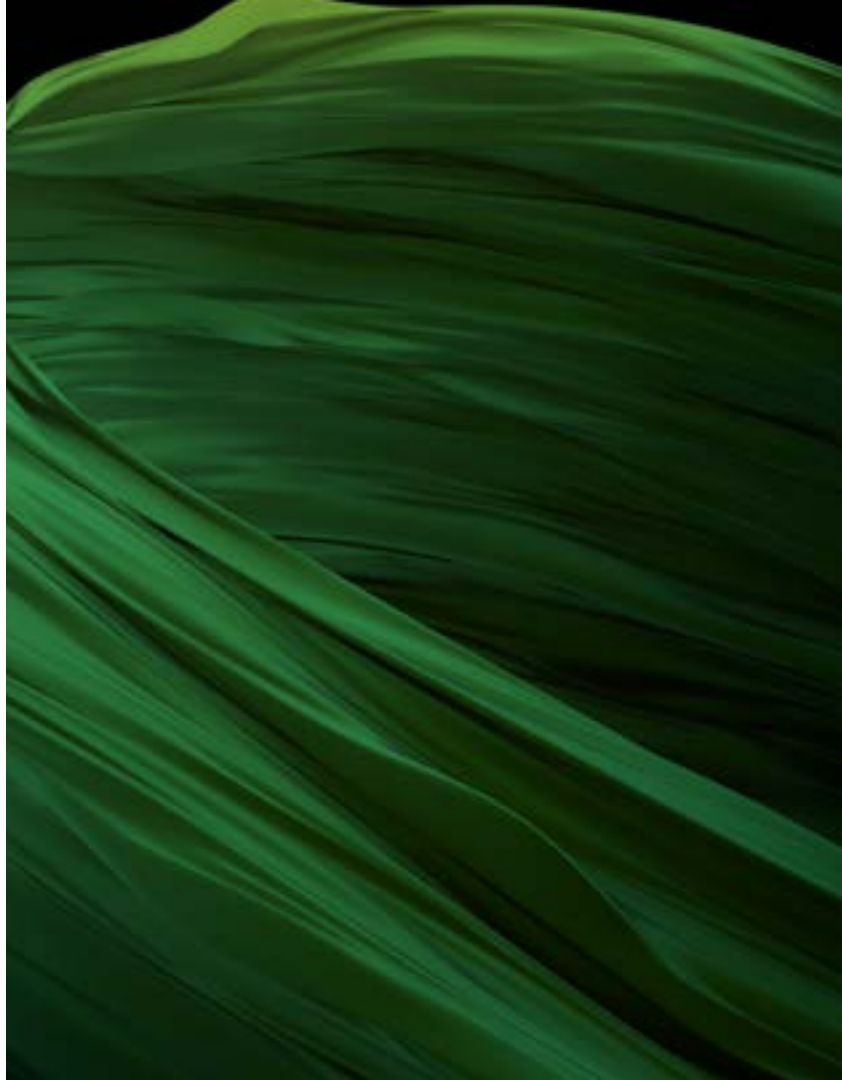


UK Public Sector Must Accelerate Digital Transformation To Achieve Digital Maturity

The Uncertain Reality Of Digital Transformation Within The UK Public Sector

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The UK Public Sector Must Enhance Their Digital Transformation Efforts

The global public sector will face challenges on two fronts in 2024: The socioeconomic effects of the generative AI boom and a tense and shifting international order. Increased protectionism in the name of digital sovereignty will also create three segregated regional tech markets, namely the EU, Sino-Russia, and US-led Indo-Pacific.¹

As the digital landscape continues to evolve, the UK public sector faces a pivotal moment for self-reflection and change. It becomes imperative to perform a strategic evaluation of current digital transformation activities and identify how to improve them. Decision-makers in public sector organisations increasingly want to adopt industry-specific solutions to speed up digital transformation and focus scarce resources on customer-centric programs over costly legacy technology debt.²

Key Findings



The digital maturity of the UK public sector is significantly low. Only 17% of decision-makers in the UK public sector consider their digital transformation completely successful.



Decision-makers in the UK public sector admit there is a lack of strategy, skills, and budget. Current approaches fail due to technology, process, people, and governance issues.



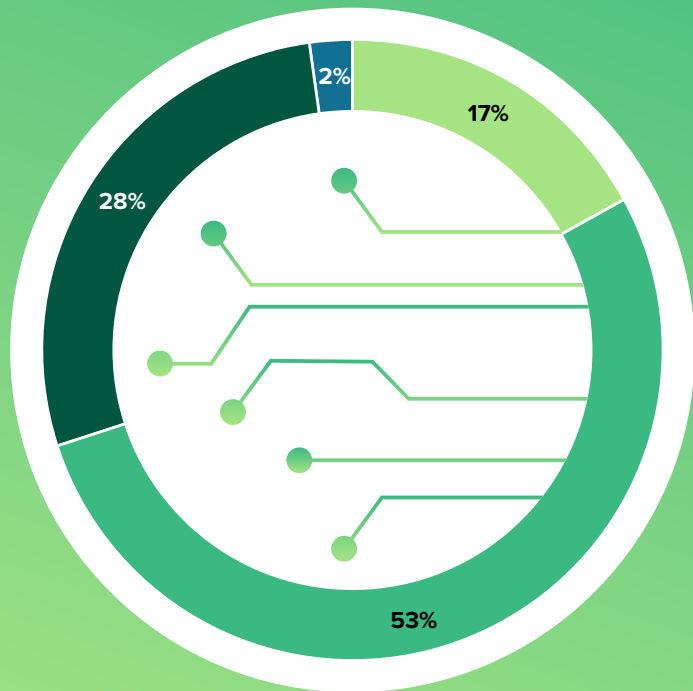
Decision-makers need help with their digital transformation journey. Public sector decision-makers plan to increase the budget for third-party services to accelerate transformation (63%).

The Digital Maturity Of The UK Public Sector Is Low

Decision-makers in the UK public sector agree that they are not fully satisfied with the level of success attained in their organisation’s digital transformation endeavours. Only 17% deemed these efforts as entirely successful to date.

“Please rate your department’s success in its digital transformation efforts to date.”

- Completely successful
- Somewhat successful
- Neither unsuccessful nor successful
- Somewhat unsuccessful



Current Approaches To Digital Transformation Do Not Achieve Required Outcomes

The current approach yields variable success across:

Technology. Almost half said their organisation lacks a technology strategy. More than one-third said their organisation contends with technological complexity and 28% struggle to share data and draw insights.

Process. Thirty-seven percent said their organisation struggles with security. Organisational silos is a challenge for 16% of them, and 23% said their organisation lacks the agility to adapt to new processes and capabilities.

People. Almost half noted a lack of technology skills within the required capabilities, while 37% highlighted a lack of training. Another 23% said a risk-averse organisational culture impedes change.

Governance. Forty-four percent said their organisation lacks a budget and 28% said theirs lack a formal system to prioritise digital transformation efforts. Change management is a challenge for 23% of respondents.

Challenges Preventing Departments From Achieving Successful Digital Transformation

TECHNOLOGY

- 49% Lack of technology strategy
- 37% Complex software and technology
- 28% Sharing data or drawing insights across departments

PROCESS

- 37% Security
- 26% Organisational silos with conflicting priorities
- 23% Lack of agility to adapt to new processes and capabilities

PEOPLE

- 42% Lack of technology-specific skills or knowledge
- 37% Lack of training
- 23% Reactive/risk-averse organisational culture blocking change

GOVERNANCE

- 44% Budget constraints
- 28% Lack of a formal system to prioritise digital transformation activities
- 23% Lack of change management

Base: 43 decision-makers in the UK public sector involved in digital transformation decisions at their organisation, excluding respondents who consider their digital transformation efforts completely or somewhat unsuccessful
 Note: Only showing top 3 challenges for each category.
 Source: A commissioned study conducted by Forrester Consulting on behalf of KPMG, October 2023

UK Public Sector Underestimates The Role Of Humans In Digital Transformation

Future-fit organisations adopt a human-centered approach by enabling employees to use technology to their advantage instead of forcing them to maximise it.³ Currently, most leaders in the UK public sector prioritise training to increase their employees' tech skills and knowledge (74%) but underestimate the centrality of human interaction and its value in digital transformation.

In 2023, more than 46,000 people left the UK public sector (vs. 44,215 in 2022). More than half of them resigned (57%), and 21% of them retired.⁴ However, only 9% of decision-makers perceived employee turnover as a hurdle in achieving successful digital transformation. While leaders will experiment with genAI to preserve the intellectual property and skills that people take with them, AI-based efforts will be hampered by persistent technology skills gaps and tech-savvy talent shortages.⁵

Only 9%

of respondents consider employee turnover as a challenge in the context of digital transformation.



But the problem is that they train people that eventually leave — taking with them skills, knowledge, etc.

This hampers digital transformation efforts.

Public Sector Leaders Are Accelerating Digital Transformation By Prioritising The Right Foundations

Fifty-seven percent of UK public sector decision-makers are intensifying their digital transformation efforts. Looking ahead to the coming year, they will prioritise moving applications to the cloud (82%) and boosting cybersecurity (81%) as public sector organisations value accelerated development but also desire security.

Surveyed decision-makers also said they will augment the use of agile development in teams (76%), enhance citizen experience by building new or better digital products or services (74%), and train employees to improve their digital skills (74%).

Top Priorities In Departments' Digital Transformation Journeys In The Next 12 Months

82%

Moving applications to the cloud/deploying SaaS



81%

Adopting our cybersecurity model to continuous, contextual, risk-based verification security strategy



76%

Increasing the use of agile development in teams



74%

Building new or better digital products and services



74%

Training employees and executives to increase digital skills



Departments' Most Pressing Digital Transformation Drivers Are Internal

Top drivers of digital transformation ranked by UK public sector decision-makers answer internal needs. They noted their leading driver is to increase agility (57%). Fifty-five percent of them are determined to improve operational efficiency and employee experience (EX) for instance, which reduces manual tasks by leveraging automation.

Nonetheless, 52% of decision-makers placed improving citizen digital experience in the top five drivers. However, this is followed by other internal needs such as modernising legacy technology (51%) and ensuring compliance and security (48%).

Key Drivers In Departments' Digital Transformation Journeys In The Next 12 Months

Increasing agility



57%

Improving operational efficiency



55%

Improving EX (e.g., reducing manual tasks and leveraging automation)



55%

Improving citizen digital experience (UX)



52%

Accelerating modernisation of legacy systems



51%

Ensuring compliance, reducing risks, or improving security



48%

Decision-Makers Plan To Increase Budgets To Meet Top Digital Priorities

Whilst budget constraints are one of the key challenges preventing organisations from achieving successful digital transformation, many decision-makers said they plan to increase the organisational budget in a number of key areas. These include areas like moving applications to the cloud or deploying software as a service (SaaS) (75%), and training both executives and employees to improve their digital skills (62%) in the next 12 months.

Over half of respondents (52%) said they will increase the budget to build new or better digital products or services, while 47% of respondents plan to do so to boost cybersecurity, and 46% to increase the use of agile technology.

Digital Transformation Initiatives Departments Plan To Increase Spending In The Next 12 Months



75%
Moving applications to the cloud/deploying SaaS



62%
Training employees and executives to increase digital skills



52%
Building new or better digital products and services



47%
Adopting our cybersecurity model to continuous, contextual, risk-based verification security strategy



46%
Increasing the use of agile development in teams

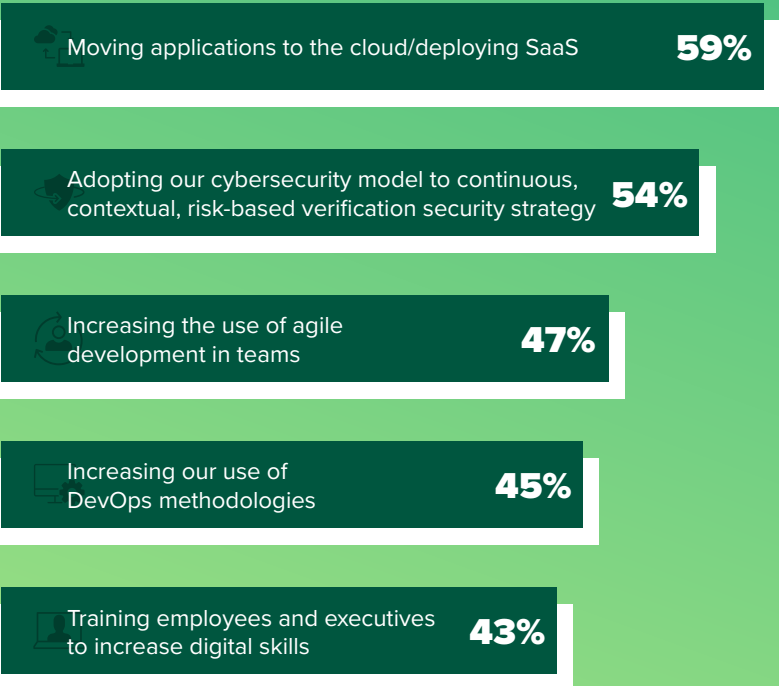
UK Public Sector Needs Help To Accelerate Digital Transformation

Forty-one percent of surveyed decision-makers said that working with third parties had a positive impact on their organisation’s digital transformation journey so far. Sixty-three percent of them plan to increase their organisation’s budget to work with third-party service providers to accelerate their organisation’s digital transformation.

Over half of them will seek support to move applications to the cloud and boost cybersecurity.

A significant share of them will work with third parties to increase the use of agile technology (47%) and DevOps methodologies (45%), and also boost employees digital skills (43%).

Areas Of Digital Transformation Where Organisations Are Currently Using Or Will Adopt Third-Party Services



Base: 148 decision-makers in the UK public sector involved in digital transformation decisions
 Note: Showing top 5 responses
 Source: A commissioned study conducted by Forrester Consulting on behalf of KPMG, October 2023

Decision-Makers Require Third-Party Providers Who Understand Their Unique Needs

The quality of customer support is the highest-ranking driver that guides UK public sector decision-makers in choosing a third-party service provider (69%). They also expect the possibility to outsource essential services instead of buying bid end-to-end projects (67%). Sixty percent of decision-makers are ready to work with multiple third-party providers who are leading players in specific areas.

Respondents anticipate third-party providers to offer customisation of their offerings (55%), flexible contracting processes (53%), and robust change management support (52%) to effectively address their evolving needs.

“To what extent do you agree or disagree with each of the following statements about working with third-party service providers to accelerate your department’s digital transformation?”

69%

Can provide the best customer support services



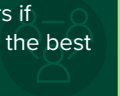
67%

Can sell essential services, beyond big end-to-end transformation projects



60%

Work with multiple third-party service providers if they are the best in class



55%

Can customise their offerings to specific needs



53%

Offers a flexible contracting process



52%

Offers change management support



Conclusion

Decision-makers in the UK public sector feel pressure to boost digital transformation efforts and confront the evolving technology landscape.

- **There is still a long way to go.** Only a few decision-makers are completely satisfied with their organisation's digital transformation journey. Many will increase efforts to meet their digital priorities.
- **The UK public sector still struggles with the basics.** Organisations face beginner-level challenges such as a lack of technology strategy, budget, and skills.
- **Decision-makers recognise they need help.** Many respondents will increase the budget to work with third-party service providers and expect them to meet their evolving needs.

Endnotes

¹ Source: "[Predictions 2024: Public Sector And Government](#)," Forrester Research, Inc., November 1, 2023.

² Source: "[The Public Sector Industry Cloud Landscape, Q3 2023](#)," Forrester Research, Inc., July 17, 2023.

³ Source: "[Technology's Future Is Human-Centered](#)," Forrester Research, Inc., December 15, 2023.

⁴ Source: "[Statistical bulletin — Civil Service Statistics: 2023](#)," UK Cabinet Office National Statistics release, August 2, 2023.

⁵ Source: "[Predictions 2024: Public Sector And Government](#)," Forrester Research, Inc., November 1, 2023.



Methodology

This Opportunity Snapshot was commissioned by KPMG. To create this profile, Forrester Consulting supplemented this research with custom survey questions asked of UK central government decision-makers involved in digital transformation. The custom survey began and was completed in October 2023.

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Demographics

COMPANY SIZE	
100 to 499 employees	20%
500 to 999 employees	24%
1,000 to 4,999 employees	40%
5,000 to 19,999 employees	12%
20,000 or more employees	5%

RESPONDENT LEVEL	
C-level executive	8%
Director general	9%
Director	18%
Deputy director	20%
Program manager	21%
Project manager	24%

DEPARTMENTS	
Ministerial departments	9%
Non-ministerial departments	10%
Executive agency	12%
Advisory nondepartmental public body	7%
Executive nondepartmental public body	5%
Local government body	12%
National Health Services (NHS)	22%
Higher education	25%

LEVEL OF RESPONSIBILITY (FINAL DECISION-MAKER)	
Digital transformation	29%
Small scale service delivery	28%
Policy-setting enablement	28%
Funding	29%
Regulatory	24%
Large-scale service delivery	26%

INDUSTRY	
Public sector	29%
Central government	14%
Education	28%
Healthcare	29%

FUNCTION	
IT	26%
Operations	16%
Strategy	14%
Human resources/training	8%
Executive management, board, or executive office	6%
Digital innovation	5%
Intelligence and data analytics	7%
Finance/accounting	8%
Digital transformation	8%
Procurement	5%
Policy	2%

Note: Percentages may not total 100 due to rounding.

The image features a dark green, flowing fabric background with a subtle sheen and deep folds. The fabric appears to be draped or moving, creating a sense of motion and texture. The lighting is soft, highlighting the contours of the fabric. In the center, the word "FORRESTER" is written in a white, serif font, with a registered trademark symbol (®) at the end. The text is clear and stands out against the dark green background.

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