

# FT Report out today - three quarters of UK councils are running insecure and inefficient management systems

*A report out today by FT Longitude and TechnologyOne into local government investment in digital technology, reveals disparities between councils across the UK.*

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-- New report out today reveals local councils are in crisis. Are poor systems to blame?

[The New Digital Reality](#), a report out today by FT Longitude and [TechnologyOne](#) into local government investment in digital technology, has revealed stark disparities between councils across the UK.

Based on interviews with over 500 senior council officers and 2,000 residents, the survey highlights two distinct groups – the first focused on harnessing innovative, digital applications; the second group stuck in a time warp, using ageing standalone systems. According to the report, around 75 per cent of UK councils were in this second category, using outmoded, inefficient and insecure systems to run their operations.

When asked to describe their use of digital applications to improve citizens' experience, 39% of councils admitted that they were still using largely paper or analogue systems. However, most believed they were making progress to digitise the services they provide, with 61% of councils describing their residents' experience as digital.

While 74% of councils have made progress on making key services available online, this is by no means a nationwide trend. 30% of councils reported 'limited to no progress' regarding their



The New Digital Reality

digital transformation strategies. Be it the replacement of outdated legacy systems, providing digital payment options or automating business processes, only a quarter of UK councils reported to be making significant progress in this area.

### Cyber risk

Worse still, 73% of UK councils admitted to making some, limited or no progress when it came to updating cyber security. And 59% of councils say they have an outdated approach to cyber security, even though they cannot afford a breach.

The report highlights the significant rise in data breaches among UK councils. Data from just 160 local councils shows that more than 2.2 million attempted cyber-attacks up to August 2022. In the report, TechnologyOne cites councils such as Cheltenham Borough and Blackpool Council, which have established partnerships with digital experts and academia to combat this growing threat.

[Leo Hanna, UK Executive Vice President of TechnologyOne](#), said:

“We’re seeing a lot more councils joining forces and sharing intelligence on a regional or sub-regional basis in order to defend themselves against cyber-attacks. However, UK councils’ continued use of old legacy systems makes them more vulnerable to this form of malicious activity. Our experience shows that the adoption of digital Software-as-a-Service technology is much more robust against this threat.”

### New Government funding

Commissioned by enterprise software specialist TechnologyOne, the report is timely, given the fact that UK councils have just been granted an extra £500m in funding to pay for spiralling social care costs. Since 2018, seven local councils have declared Section 114 notices on the basis of bankruptcy, with the rate of failure increasing markedly in recent months. While Northamptonshire was the first council in decades to declare a Section 144 notice, in 2023 Woking's demise was swiftly followed by Nottingham and Birmingham City Council, the latter having an annual budget of approximately £3.2bn. A survey from the Local Government Association in late 2023 highlighted the fact that nearly one in five English councils admitted they were at risk of failure in 2024.

Commenting on the findings of the report, Leo Hanna said:

“Most UK councils are between a rock and a hard place right now. On one hand they fully appreciate the huge benefits that digitisation can bring to them in terms of increased efficiency, financial reporting, improved customer experience and significant cost reduction. On the other hand, many are facing crippling, ongoing financial pressures, which have created a group of ‘zombie councils’ that seem to be walking inevitably towards bankruptcy.

“However, there is a way out of this, at least partially. Our experience of working with councils in

the UK and Australia provides a model of best practice when it comes to digital transformation. In our report, 63% of councils said there was a gap between their digital plans and their ability to fund them. However, there are government grants available – typically ranging between £25,000 and £40,000 – that have helped councils with their digital transformation. And we have several examples of councils that have saved millions of pounds through efficiencies generated following the adoption of a digitally based reporting and service strategy.”

Digitisation is the key

There are councils bucking this trend, according to the FT Longitude Report, harnessing digital technology to reduce costs and improve services. A customer of TechnologyOne, Blackpool Council, has cut £218m from its baseline budget since 2011, thanks to its adoption of a digitisation strategy. Steve Thompson, director of resources, Blackpool Council, said: “We look for any opportunity for technical savings, income generation or to contain the demand on services.” Furthermore, Thompson stresses the need for councils to use joined-up technology that provides real-time visibility across all platforms.

The FT Longitude and TechnologyOne report provides councils with examples of best practice. While the report cites the support of the government’s Local Digital Fund, which has provided Blackpool with £39.5m of grant funding towards its 2030 Digital Vision, the paper also identifies the importance of collaboration. Cheltenham Council for example is working with neighbouring boroughs to tackle the challenges of digital transformation.

Sanjay Mistry, head of commercial & income generation at Cheltenham Borough Council said: “We do a lot of work together and where there are opportunities, we’ll pull together a business case for funding that is not just limited to Cheltenham. This strengthens our argument and potentially puts us in a better place for a successful bid.”

The report concludes that real progress will only be made by councils embracing digital pragmatism, giving citizens the joined-up, digital experience they want, without sacrificing value for money.

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