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Review of Benefit Realisation

Wiltshire Council
March 2011



Contents & key conclusions

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Page

Executive summary

- Introduction 2
- What is benefit realisation and why is it important? 2
- Objectives, scope & approach 3
- Summary of key findings 3

Detailed report

- Section one – Financial savings 4
- Section two – Non-financial benefits 6
- Section three – Benefit realisation arrangements 8

Appendices

- A. Issues analysis – Benefit realisation 10
- B. Action plan 11

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Executive summary

The Council applied and has demonstrated many of the expected elements of benefit realisation when delivering the changes required following local government reorganisation.

This has not been directed by a consistently applied corporate methodology and in many cases an approach to monitoring benefits was developed after the delivery of actions and change, rather than as integral part of project planning.

However, the Council has now developed a corporate approach for future use, which will provide a clear framework for monitoring the achievement of planned benefits.

Introduction

The local authorities in Wiltshire merged into a new unitary council (Wiltshire Council) in April 2009. At the same time, the Council also implemented a new Business Management Programme (BMP) as part of the transition which involved a new SAP system and related business processes.

Our programme of audit work in 2010 included a project to consider the way in which Wiltshire Council has managed the realisation of benefits, following both the transition to unitary status and also the implementation of the new BMP system. This has been the third stage of a three-part review; the first two phases were undertaken in late 2008 and early 2009 and focused on the predecessor councils' preparations for transition to the new Council and the implementation of the new SAP (BMP) system, both of which took place on 1 April 2009.

Managing a complicated reorganisation alongside a complex IT system implementation was a significant challenge for the organisations concerned. The challenges faced by Wiltshire Council since then in embedding new systems, structures and ways of working have been no less challenging. This third and final stage was therefore scheduled to allow sufficient time for the Council to see through much of the immediate significant change and disruption that is inevitably associated with such a fundamental organisational change.

This report summarises our findings and conclusions from this third stage of the review.

What is benefit realisation and why is it important?

Benefit realisation is an approach to investment management which focuses on the management of benefits and risks throughout the life cycle of a change programme. The main objective of benefit realisation is to support the monitoring and achievement of programme benefits, which in turn support the organisation's wider aims and objectives.

The effective management of benefits and risks can appear to be an expensive management overhead. However, for organisations that have invested heavily in change management programmes and new IT capabilities, the cost of managing the process effectively is insignificant compared to the cost of the programme failing, or of valuable outcomes (financial or non-financial) not being achieved, either in whole or in part.

Given the significant change programme affecting the Council, both organisationally and through IT investments, it is critical that the Council develops a robust approach to delivering planned benefits. It is also important that it develops sound arrangements for monitoring and reporting to provide assurance, both internally (to management and Members) and externally (to key stakeholders and the public), on the progress being made in achieving planned financial and non-financial benefits.

Objective, scope and approach

Our review considered the overall key question of *"Is the Council managing effectively its approach to realising the planned benefits of BMP and unitary status?"*. In doing so, we drew on KPMG's Benefit Model methodology for benefit realisation, along with other available research as appropriate.

The key themes that we considered during the review centred on three supporting questions. These are set out in Appendix A and summarised below:

Is the Council managing effectively its approach to realising the planned benefits of BMP and unitary status?

Did the Council define clearly what benefits it wanted to achieve through local government reorganisation and the BMP system?	Does the Council have appropriate detailed arrangements for managing and monitoring the achievement of benefits?	Does the Council have appropriate reporting arrangements on the delivery and achievement of the planned benefits?
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Executive summary (continued)

Objective, scope and approach (continued)

The emphasis of the review was on considering whether the Council has a corporate and consistently applied approach to benefit realisation throughout the organisation. We also identified a small number of areas for more detailed consideration, to act as an evidence base to reinforce our assessment of the application of the corporate arrangements.

This focused in particular on:

- financial savings; and
- the localism agenda (e.g. benefits of area boards, local decision making etc).

We did not seek to identify the extent to which the Council is realising the planned benefits from local government reorganisation and the BMP system, rather we considered the arrangements in place to monitor and report on this (and, by implication, what this shows).

Whilst looking at the benefits associated with the move to unitary status and the implementation of BMP, our focus on the corporate arrangements in place allowed us to consider and comment on these arrangements with a view to the future direction of the Council.

Appendix A sets out further detail on the areas we considered during this review.

Summary of key findings

The Council has applied and demonstrated many of the expected elements of benefit realisation when delivering the changes required following local government reorganisation. This has not been directed by a consistently applied corporate methodology and in some cases an approach to monitoring benefits was developed after the delivery of actions and change, rather than as integral part of project planning. However, the Council has now developed a corporate approach for future use, which will provide a clear framework for monitoring the achievement of planned benefits.

The key findings from our review are as follows:

- the Council has monitored the progress against its overall savings target and is on course to deliver the financial benefits it originally set out to achieve from the creation of one Council, but there are opportunities to strengthen the approach to monitoring at a project level;
- the Council applied regular monitoring arrangements that demonstrate it has made strong progress in realising the proposed non-cash savings from the creation of One Council, although these processes could have been developed at an earlier stage in the project; and
- the Council has developed a programme benefits tool to monitor and deliver future change management programmes.

The remainder of this report focuses on each of the key conclusions in turn. We have included a number of recommendations aimed at further strengthening the Council's approach to benefit realisation. These are summarised in the Action Plan in Appendix B, which also includes responses from management to the recommendations.

Section one – Financial savings

The Council has monitored the progress against its overall savings target and is on course to deliver the financial benefits it originally set out to achieve from the creation of One Council, but there are opportunities to strengthen the approach to monitoring at a project level

Introduction

The original unitary bid identified £18m of savings in total which would be achieved within a three year period as a result of the local government reorganisation (LGR).

Savings of £8.2m were reported by the Council for the financial year 2009/10. The 2010/11 budget setting process forecast second year savings of £5.8m giving a total saving of £14m in two years against the aspirations recognised in the original unitary bid. The forecasted savings for the 2011/12 financial year are integrated within the budget set at Council in February 2011 and are to be monitored at an individual service and departmental level. However, as time progresses it is increasingly difficult to compare outcomes to the original savings target, given that new factors have to be addressed (e.g. the recent cuts in Government funding).

Key findings

The forecast savings were outlined for each service area and provided at a 'high-level' how these savings would be achieved and what the public would see as a result. A more comprehensive assessment of the specific savings at a department level was subsequently undertaken by the individual service directors for the 2009/10 budget setting process and through the development of the 2010-14 Corporate Plan. This therefore provided the more detailed analysis of where the savings targets would come from and how it would be achieved.

As part of this process the Council embedded the goals from the original bid into the First Year Plan and subsequently into the 2010-14 Corporate Plan. This resulted in the original planned financial savings being subsumed within the department level budgets in 2009/10. Although there was less explicit visibility of the individual savings than would have been the case if they had continued to be monitored on a 'project' basis, this approach did provide good accountability at an individual department level through the on-going budget monitoring process. This regular monthly budget monitoring process provided a mechanism for the Corporate Finance department to scrutinise the performance of each department against the overall planned targets. In essence, achieving the overall budget was used as an indicator of the achievement of the savings target.

This approach has been effective in focusing on the important achievement of the overall budget, which was in turn based on the delivery of target savings. It also provided an efficient approach for corporate and departmental monitoring for such a large and widespread savings undertaking, in that it embedded the monitoring approach into the established budget monitoring process. However, delivering the general budget can only be a proxy for the achievement of specific savings because other factors can influence the overall position against budget.

The Council should therefore consider using project-based monitoring for future projects as well as the wider budget monitoring process, to both track and report on the performance against the individual budgeted financial savings and those savings which were realised outside of the original budget.

Embedding this approach into future projects being managed by the Council would enable it to demonstrate that it is delivering the financial benefits it set out to achieve in a more specific way and provide additional challenge were these not on target to be achieved. The savings at a department level could be consolidated across the Council and circulated to senior management and Members through an appropriate Committee for independent scrutiny and challenge.

Recommendations

- R1** Develop a comprehensive approach for tracking budgeted financial savings at a departmental level during the project phase that outlines the position at a given time on the forecasted cash savings.

Section one – Financial savings (continued)

Recommendations (continued)

- R2** Summarise the programme benefit profiles across the Council rather than solely at an individual departmental level. This could then be circulated to senior management and Members through an appropriate committee for monitoring and challenge.

Section two – Non-financial benefits

The Council applied regular monitoring arrangements that demonstrate it has made strong progress in realising the proposed non-cash savings from the creation of One Council, although these processes could have been developed at an earlier stage in the project

Introduction

The original unitary bid set out for each service area a number of “other savings and efficiencies” (i.e. non-cash savings) that would be obtained through the transition to unitary status.

One of the most significant areas of investment recognised by the Council has been the establishment of local area boards (LABs) during the first year. The LABs have provided a mechanism for the local population within Wiltshire to have an influence over decisions being made at a local level. Over 10,000 participants have attended the LABs since the establishment of the Council with no comparable mechanism in place at a local level previously.

Key findings

Community Area Managers (CAMs) were established to support the LABs and promote community empowerment and localism. The CAMs work within a team structure, which enables best practice to be shared across each of the LABs within Wiltshire.

LABs were provided with £0.75m funding in year 1 and £1.4m in year 2 from the Council to undertake projects at a local level. This has generated over £3m of matched funding. Important benefits have been realised through joint working at a local level including the introduction of the community issues system, the community speedwatch and community payback schemes. There is also evidence of increased collaboration with partners at a local level with representation on the LABs from the police, NHS, MOD, Fire and Rescue service, parish and town councils and community area partnerships.

The Leader of the Council undertook a comprehensive review of the LABs' performance after the first six months of their first year of operation. This provided an evaluation of the progress made to date, identifying both positive outcomes as well as highlighting areas of perceived weakness at that stage. The findings were integrated into an action plan and addressed within the individual LABs by the CAMs. This provided an effective baseline position to monitor the achievement of the non-financial savings.

The Council has developed a framework to monitor each LAB's effectiveness, which benchmarks the LABs against one another on a regular basis. This monitoring and benchmarking should help to both deliver and substantiate the LABs' on-going effectiveness.

This has worked well for the LABs, but was not something that was considered in detail until after they had been established. Where programmes of change are managed going forward, the Council should ensure that similar mechanisms for monitoring their effectiveness are developed and embedded from the start of the transition phase. Such early thought processes around monitoring arrangements:

- helps to focus attention on the objectives and benefits which the organisation wants to achieve from a particular project;
- ensures that the data required for the monitoring is available and can be produced in the required format; and
- allows baseline data to be captured to inform future monitoring to demonstrate the extent of improvement.

The Council has also demonstrated examples of modifying actions or processes for new or emerging circumstances. For example, the original bid included the intention to appoint an independent panel of taxpayers and citizens. Instead, the approach taken was changed to involve a far wider number of people via road-shows and through the use of the established Peoples' Voice panel of 4,000 residents. This was successful and has continued. The Council regularly seeks views on future service developments via surveys of residents, road-shows, public forums, and presentations to area board meetings. The Peoples' Voice panel is surveyed three times a year on a range of subjects including council services and future spending priorities.

Section two – Non-financial benefits (continued)

Key findings (continued)

Furthermore, road-shows and public forums have been held for a range of services including waste and leisure, looking at current performance and future proposals, many of which were identified in the original vision for the unitary council. So overall this is a good example of how the Council maintained a flexible approach by adapting its detailed actions from those originally intended in the unitary bid.

Looking more generally at the non-financial objectives, a status update on the progress of the Council against year 1 goals was prepared on a regular basis throughout the year and presented to Cabinet. This provided an appropriate level of scrutiny and transparency on the progress of the Council against the original aims it set out to achieve.

Moving forward, there is value in the Council ensuring that key benefits from major change programmes are incorporated into business planning and performance management arrangements and that a final report is then produced to demonstrate the achievements of these programmes of work against the expected benefits. This has a number of benefits:

- knowing that such a report is to be produced at the end acts as a catalyst for clearly identifying the benefits that are desired at the outset and ensuring that the information systems required for monitoring currently exist or can be established;
- it provides a natural end point to a programme or project, after which it can be considered closed and any new arrangements seen as embedded into the Council's established ways of working;
- it provides feedback on the application of the Council's benefit realisation arrangements, allowing any refinements or improvements to be considered;
- it helps to clarify whether there are any areas remaining that have not been achieved, prompting consideration of any further action to address this situation; and
- it answers the "was it worth it?" question to support management and Member scrutiny and review, along with useful information for any internal and external communications that may be appropriate regarding a completed programme or project.

A formal exercise has not been undertaken by the Council to fully assess the achievement of the promises made in the original bid into the First Year Plan. Production of a final report on this area should be considered before further knowledge of that stage of the LGR is lost. This will ensure the Council has clarity over the achievement of all the goals it originally set out to achieve in the unitary bid document, allowing it to demonstrate these achievements for the benefit of management, staff, and Members internally and also the public and key stakeholders externally. Such a report would, of course, need to recognise that the new Council could not be bound by decisions of the predecessor councils and the Implementation Executive that operated during the transition period, and therefore some original actions or plans may not have been delivered as originally outlined in the unitary bid.

Recommendations

- | | |
|-----------|---|
| R3 | Ensure that mechanisms for monitoring the effectiveness of individual projects or a wider change program are considered and embedded from the start of the transition phase. |
| R4 | Produce final reports for future significant change programmes and projects that demonstrate the achievements delivered against the expected benefits. This approach could also be applied retrospectively to local government reorganisation to draw a line under this phase of the Council's development. |

Section three – Benefit realisation arrangements

The Council has developed a programme benefits tool to monitor and deliver future change management programmes

Introduction

Measurement of benefit realisation begins after implementation and should continue at least as long as the timescale over which the program was initially appraised. Regular reporting of performance against the target benefits will produce information which can be used in three ways:

- to identify shortfalls in the benefits achieved, which need to be investigated further and corrected;
- to identify any problems with investment appraisal and wider decision making procedures, which need to be investigated further and corrected; and
- to identify new benefit opportunities and changes required to the benefit measuring system to reflect changed circumstances.

During the operation phase both internal and external circumstances will continue to alter, and these changes may affect the benefits which can be achieved.

Where a variance occurs as the result of an unavoidable change in circumstances, the targets used to monitor the benefits should be adjusted accordingly. Discipline is needed to help ensure that positive as well as negative changes are recognised. A favourable variance due to external changes could mask an underachievement of other benefits.

A regular review process for the benefit monitoring system itself is required to ensure that both the performance measures and the targets remain relevant. Over a long period the business environment and the Council's strategy may change, or new opportunities or risks may arise. The benefit monitoring system should then be assessed to ensure that the Council remains focused on maximising the benefits it achieves.

Key findings

The Council has recently developed a corporate benefit realisation methodology for consistent application across the organisation. Previously, during local government reorganisation, a methodology had been applied by the Implementation Executive, but the very different governance arrangements during that period meant that the Council needed to develop a new approach. However, regardless of any particular methodology, we have seen from the areas examined during our review that the Council has applied many of the principles of benefit realisation, but practice has varied.

However, a benefits realisation tool (programme benefits profile tool) has now been developed by the Council which will be utilised in the management of large projects and programmes of change going forward. This provides an important mechanism with supporting tools for management to capture essential information on planned benefits and then support on-going monitoring.

The Council's programme benefits profile tool includes many of the key elements we would expect to see, but there is scope to enhance it further, for example by:

- specifying an owner for each proposed area of saving within the tool to ensure a degree of accountability is added within the project or programme;
- incorporating other key contacts with an understanding of the benefit and a summary of the method for achieving it into the tool to ensure corporate knowledge is not lost if personnel leave; and
- requiring an action plan detailing the planned actions, due date, owner and completion status for each benefit to be included in the tool, enabling focused tracking by management and allowing higher level monitoring by senior management or Members, as appropriate.

The Council has experienced a loss of corporate knowledge and memory of the reorganisation process due to staff turnover with limited detailed documentation of benefits awareness at each stage of the process. Looking forward, developing the new arrangements in the way outlined above will help manage any impact from similar staff departures in the future.

Section three – Benefit realisation arrangements (continued)

Recommendations

- R5** Expand the new programme benefits profile tool to include the following:
- Owner for planned benefits (to add a degree of accountability);
 - Action plan – including planned actions, due date, owner, and information on progress / completion status (this should help to ensure that any issues coming out of the quarterly reviews are appropriately addressed and driven forwards); and
 - Other key contacts and summary method for achieving the benefit (this will ensure that if the process owner leaves, their replacement has an overview of the approach to be taken to realise the benefit).
- R6** Embed regular monitoring and use of the programme benefits profile tool into the benefit monitoring process. This could take place at a manager and service/ departmental level in addition to upward reporting to senior management and Members.

Appendix A

Issues analysis – Benefit realisation

The key questions we considered during the review are summarised below.

Is the Council managing effectively its approach to realising the planned benefits of BMP and unitary status?



Appendix B

Action plan

We have given each recommendation a risk rating and agreed what action management will need to take. We will follow up these recommendations during next year's audit.

Priority rating for recommendations

- | | | |
|---|---|---|
| <p>1 Issues that are fundamental to your overall arrangements. We believe that these issues might mean that you do not meet your objectives or reduce (mitigate) a risk.</p> | <p>2 Issues that have an important effect on your arrangements, but do not need immediate action. You may still meet your objectives in full or in part, or reduce (mitigate) a risk adequately, but the weakness remains in the system.</p> | <p>3 Issues that would, if corrected, improve your arrangements, but are not vital to the overall system. These are generally issues of best practice that we feel would benefit you if you introduced them.</p> |
|---|---|---|

Issue	Recommendation	Priority	Comment, Responsible officer & target date
<p>Budget monitoring process</p> <p>A more comprehensive approach should be embedded into the budget monitoring process to both track and report on the performance against the individual budgeted financial savings and those savings which were realised outside of the original budget.</p>	<p>R1. Develop a comprehensive approach for tracking budgeted financial savings at a departmental level during the project phase that outlines the position at a given time on the forecasted cash savings.</p>	<p>2</p>	<p>Agreed that an approach should be embedded. The proposal for the 2011/12 financial year is that the financial plan sets out four major saving themes:</p> <ol style="list-style-type: none"> 1. Management Review 2. 12% Service Proposals 3. Procurement & Commissioning 4. System Thinking Reviews. <p>This has been publicly reported when the budget was set at Council in February 2011 and sets out a base position for tracking the £31m budgeted savings against individual service and departmental level. The Procurement & Commissioning Board (PCB) has already been established to track & monitor savings related to this area. In addition the remaining themes will be monitored, tracked and reported through the Council's already established budget monitoring & reporting process. A RAG rating system will be used to report on the progress of the savings during the year, this will then encompass the output from the PCB to provide a consolidated output to the Corporate Leadership Team and Cabinet. This will also then be subject to the Scrutiny process.</p> <p>The intention is for this to dovetail with the developing Performance Card & Business Plan reporting process, with direct input and update to the emerging financial plan for 2012/13.</p> <p><i>Responsible officer: Michael Hudson</i> <i>Target Date: June 2011</i></p>

Appendix B

Action plan (continued)

Issue	Recommendation	Priority	Comment, Responsible officer & target date
<p>Monitoring of program of change performance</p> <p>The savings at a department level should be consolidated across the Council and circulated to senior management and members through an appropriate Committee for independent scrutiny and challenge.</p>	<p>R2. Summarise the programme benefit profiles across the Council rather than solely at an individual departmental level. This could then be circulated to senior management and Members through an appropriate committee for monitoring and challenge.</p>	<p>2</p>	<p>Agreed.</p> <p>The comments to R1 will allow not only for a service and departmental analysis and tracking but also for summarisation at a Council level.</p>
<p>Monitoring effectiveness of program of change</p> <p>A process for monitoring the effectiveness of the Local Area Boards was established by the Council after they were established.</p>	<p>R3. Ensure that mechanisms for monitoring the effectiveness of individual projects or a wider change program are considered and embedded from the start of the transition phase.</p>	<p>2</p>	<p>Achievement against expected key benefits from major programmes will be fed through by programme managers to be included in reporting against the business plan.</p> <p><i>Responsible officer: Programme managers identified for each programme.</i></p> <p><i>Target Date: April 2011</i></p>
<p>Reporting on benefit achievement</p> <p>There is value in the Council ensuring that key benefits from major change programmes are incorporated into business planning and performance management arrangements and that a final report is then produced to demonstrate the achievements of these programmes of work against the expected benefits.</p>	<p>R4. Produce final reports for future significant change programmes and projects that demonstrate the achievements delivered against the expected benefits. This approach could also be applied retrospectively to local government reorganisation to draw a line under this phase of the Council's development.</p>	<p>2</p>	<p>The requirement to produce a final report will be included in the new arrangements being put in place for programme management.</p> <p><i>Responsible officer: Matti Raudsepp</i></p> <p><i>Target Date: April 2011</i></p>

Appendix B

Action plan (continued)

Issue	Recommendation	Priority	Comment, Responsible officer & target date
<p>Programme benefits profile tool</p> <p>A benefits realisation tool (programme benefits profile tool) has been developed by the Council which will be utilised in the management of large projects and programmes of change going forward. To realise the full benefits from the tool, there are some additional areas which the Council should consider embedding going forward.</p>	<p>R5. Expand the new programme benefits profile tool to include the following:</p> <ul style="list-style-type: none"> ■ Owner for planned benefits (to add a degree of accountability); ■ Action plan – including planned actions, due date, owner, and information on progress / completion status (this should help to ensure that any issues coming out of the quarterly reviews are appropriately addressed and driven forwards); and ■ Other key contacts and summary method for achieving the benefit (this will ensure that if the process owner leaves, their replacement has an overview of the approach to be taken to realise the benefit). 	<p>2</p>	<p>This relates to major programmes only. These seem helpful and will be considered as part of the new arrangements being put in place for programme management.</p> <p><i>Responsible officer:</i> <i>Matti Raudsepp</i></p> <p><i>Target Date: April 2011</i></p>
<p>Program monitoring process</p> <p>A summary of performance for the individual deliverables within the program monitoring tool should be circulated to senior management and members through an appropriate Committee for independent scrutiny and challenge.</p>	<p>R6. Embed regular monitoring and use of the programme benefits profile tool into the benefit monitoring process. This could take place at a manager and service/ departmental level in addition to upward reporting to senior management and Members.</p>	<p>2</p>	<p>Achievement against expected key benefits from major programmes will be fed through by programme managers to be included in reporting against the business plan.</p> <p><i>Responsible officer: Programme managers identified for each programme.</i></p> <p><i>Target Date: April 2011</i></p>



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