



Pushing the boundaries of change  
*Benefits realisation across local government*

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## FOREWORD

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Benefits realisation helps us ask the challenging question "So what?" What are we going to get out of investing public resource in this change initiative and how will we know whether we have achieved it? Chief executives and elected members are natural proponents of a strong and accountable approach to benefits and therefore important potential sponsors, if they get past the jargon.

This challenging question can be uncomfortable for senior managers and programme and project managers. It holds us to account for hard to deliver and hard to prove outcomes. If you haven't debated upfront about whether the benefits are achievable, who is responsible and what new capabilities and business change needs to be in place you probably haven't done your benefits right.

It is time for benefits realisation to come of age and to come out of the project and programme management "ghetto" as this excellent report proposes. It must take its place as a strategic leadership tool helping us to measure the outcomes of change alongside and

I'm delighted to introduce this thought leadership report as part of the recent series published by the APM Benefits Management Specific Interest Group. Its purpose is to challenge change leaders to reflect on their own context and consider the 'why' question, from a leadership perspective. Other APM guidance addresses the question of specific solutions.

Local government continues to face challenging times as beneficial change becomes ever more important to address the funding gap and still meet customer expectations. Across the sector, so many senior managers would say they are already doing what is described in this report, though they would not necessarily use the term 'benefits realisation.' As a profession, we must avoid getting engrained in language that is not easily recognisable to all across the organisation. It is more important to focus on critical

integrated with business as usual financial and performance management. For practitioners the challenge is to ensure that this "so what" question is owned in the right places in the organisation. We must challenge ourselves to communicate the key concepts in clear and simple terms and ensure that we provide levers for senior leaders to drive outcome driven change effectively.

There is excellent practice within the sector but this is uneven between and even within authorities. In these challenging times it is vital that we share best practice and avoid reinventing the wheel. The collaboration sponsored by the APM Benefits Specific Interest Group in producing this report is an important contribution to strengthening realisation across the sector.

### Tim Ellis

Local government Head of Profession for Project and Programme Management



business context and bring together, collaboratively, all of the professionals across the organisation working to ensure that change delivers its agreed commitments. This report discusses the key issues.

I'm also pleased that the APM is working closely with the project and programme management community across local government through the Delivery Improvement Network and other important initiatives. This builds on one of the key themes in this report; effective partnership and collaboration are critical to success.

### Peter Glynn

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## EXECUTIVE SUMMARY

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Local government in the UK has undergone revolutionary change in the last three years to meet the ever increasing constraints of public sector spending cuts allied to the necessity of the need for new ways of working. The scale and complexity of this change is having a significant impact on the sector, continually testing organisational capability to deliver beneficial change. This creates both challenges and opportunities for senior management teams as they strive to ensure success through benefits realisation.

The reality is that reduced funding in local government will continue at least over the short to medium term. As a result, delivery of high-impact change is now a necessity for the majority of local authorities across the UK. The critical challenge for senior management teams is balancing legal responsibility for service provision against continually reducing funding whilst delivering complex change.

This is against the strategic backdrop of:

- increased demand for services resulting from an ever aging population;
- reorganisation to fit the changing role of local government with an ever increasing focus on commissioning, performance management, contract management and localism;
- a reducing directly employed workforce;
- welfare reform and new public health responsibilities impacting local authority spending;
- pressures to combine/partner/consolidate including a greater reliance on common shared services; and
- new service delivery models including greater use of outsourcing and private sector/third sector partnership.

Recognising the enormity of change impacting the sector, much has been learned in recent years through achieving critical cost reduction and these lessons learned have continually enhanced the management of change, particularly around benefits realisation. The recent Tough Times report from the Audit Commission commended the ability of English local authorities to cope with exceptional expenditure cuts. Similar outcomes have been reported across Wales, Scotland and Northern Ireland.

The critical necessity of cost reduction and accompanying change has forged new collaborative relationships across

local government organisations along with new ways of managing change. Examples include change and finance teams working more closely together to maximise financial benefits. Clearly "convergence" or greater collaborative working in benefits realisation across local government organisations is happening, however there is much more to be done to capitalise on this success. The challenge for senior managers leading change is to recognise this opportunity, build upon it and ensure alignment to the forward change agenda for local government. The APM's 2020 vision is a world in which every project succeeds. Whilst deliberately aspirational, APM's vision statement poses an important challenge to local government where such critical change has become an everyday business necessity.

This report highlights six action points that collectively challenge managers across local government to continually push the boundaries of change enabling successful benefits realisation. These action points are:

1. incentivise organisation wide convergence in benefits realisation;
2. move beyond an over reliance on isolated process, low-value templates and certification driven technical knowledge;
3. establish appropriate benefits leadership at the portfolio level;
4. greater external partnership working to deliver change and benefits;
5. greater integration of the cost reduction agenda and benefits realisation; and
6. invest in professionalism; innovation and collaboration.

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## **PUSHING THE BOUNDARIES OF CHANGE: OUR SIX ACTION POINTS**

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This report presents six action points challenging change leaders to align benefits realisation to the critical change agenda across local government.

### **1. Incentivise organisation wide convergence in benefits realisation**

Addressing the continuing scale and complexity of change across local government is daunting even for the most experienced senior management team. The focus needs to be on creating the conditions for greater innovation in the way change is implemented and value generated. Effective collaboration across the organisation on change management and benefits realisation is critical to success. Yet in too many organisations, project and programme management professionals take an approach to benefits realisation that competes with or duplicates benefits related business as usual activity across finance, HR and other horizontal business functions. For example, oversight of financial benefits through a Programme Management Office (PMO) and management accounting in the finance area. Other examples include measurement of satisfaction related benefits and employee engagement surveys through HR. In addition, operational performance management and benefits realisation are closely related. These, often competing activities, can be further exaggerated through organisation led politics as well as silo-led behaviour. There are also greater opportunities to align benefits realisation to strategic and business planning across organisations.

The management of benefits should also be a core everyday activity for those across local government responsible for policy/strategy, operational delivery and financial management amongst others. Greater convergence in benefits realisation across local government organisations is vital to empower successful collaboration across the professional spectrum. This requires strong vision as well as senior leadership and incentivised collaboration to counterbalance the risk and negative impact of competing parallel initiatives.

### **2. Move beyond an over reliance on isolated process, low-value templates and certification driven technical knowledge**

Local government has a strong tradition of project management underpinned by professional standards though technical certification and practical experience. Across the public sector this approach, underpinned by the 'process manual and training certificate' culture, has shown its limitations. Often, activity can be template or guidance manual driven resulting in technical project management knowledge being applied without full consideration of critical business context. It is debateable whether or not this legacy approach has provided the necessary organisational capability across local government to meet the current demands of the change agenda.

Benefits realisation is still maturing and capability to date has been largely developed through a technical project management lens which risks over reliance on processes isolated from the wider organisation. Whilst project and programme managers may recognise success in delivering to time, cost and quality, other senior managers across the organisation may recognise success as the end goal of realising the benefits. Agility and flexibility to achieve benefits realisation must prevail over rigid methodologies and low-value templates. The challenge is to recognise the limitations of technical knowledge and isolated process along with the importance of critical business context and effective collaboration across the organisation. Whilst this appears clichéd, it is an important yet often elusive goal for project professionals.





### 3. Establish senior benefits leadership at the portfolio level

The change agenda across local government necessitates a strong approach to portfolio level benefits leadership across the organisation. Firstly, to recognise the need for portfolio level leadership and secondly to ensure that it is implemented effectively. Maturity in portfolio management across local government is varied with strong correlation between the organisation's appetite for innovation and criticality of the cost reduction agenda.

Too often, ineffective implementation leads to the perception that portfolio management simply doesn't work as an approach. It is more important to channel existing executive level ways of working around portfolio principles and guidelines than implement entirely new processes and radically different ways of working. Portfolio management implemented ineffectively has proven to be counterproductive through building up executive level resistance through fear of affecting power balances. To incentivise collaboration on portfolio management, senior executives' strategic objectives and priorities need to include cross cutting contributions and outcomes.

Benefits realisation needs to be an integral part of the portfolio management approach, however experience has shown that this can be challenging, not least due to cutting across executive territories. Portfolio level benefits realisation is about aligning project success to the organisation's business strategy and business plans. The challenge is to align the various tiers of benefits realisation across the organisation against the approach to portfolio management. Without chief executive and executive level commitment this can be considerably more challenging.

### 4. Greater external partnership working to deliver change and benefits

The emphasis on commercialism, localism and new ways of working across local government is clearly leading to greater use of outsourcing and external partnership. Whilst this can be contentious, it is becoming an ever more important focus for the change agenda across local government. Recent research from Seymour Pierce Investment Bank indicated that local government accounted for 63% of public sector outsourcing in 2012, and that 23% of human resources, IT and payroll functions in councils are privatised. In addition, the outsourcing of non traditional areas such as internal audit, legal services and other professional services has emerged. In addition, the growing role of the voluntary sector in the provision of frontline public services and the localism agenda are also leading to greater collaboration than ever before.

**"Benefits realisation across local government is becoming more complex and interdependent, involving multiple partner organisations working to shared objectives".**

Yet, this is not easy to achieve where, for example, one side is seeking to maximise shareholder value and the other is focussed on value for money, public probity and flexibility. Whilst recent high profile failures in public service outsourcing have impacted public and political confidence, outsourcing and partnership will remain a key element of the change agenda across local government for many years.

Whilst procurement and project management have traditionally been coupled, there has been less focus on the alignment of benefits realisation with end-to-end contract management. Benefits realisation

occurs across the spectrum of most contract management periods, yet too many organisations do little to align contract performance and benefits realisation. In many cases, they are seen as different, if at best parallel activities. In addition, silo based behaviour across organisations can exaggerate the impact. Whilst alignment can be difficult to achieve retrospectively for contractual reasons, the challenge is for managers across local government is to ensure clear alignment on new partnerships and commercial contracts.

The recent National Audit Office (NAO) report, 'Integration across Government' highlights that the integration of services and programmes matters because it offers the potential for major value-for-money benefits, in the form of increased efficiency, cost savings and improved services for citizens. According to the report, this potential assumes even greater importance at a time of continued pressure for cost reduction.

To address the imperative of an increasingly complex partnership landscape, managers across local government need to consider if the maturity of their organisation's approach to benefits realisation, including alignment to contract management, is fit for purpose. A step change requires innovative thinking and bold decision making to deliver sustainable results.

#### **5. Greater integration of the cost reduction agenda and benefits realisation**

Local government has a strong culture of benchmark driven performance management, coupled in recent years, with a track record of delivering significant cost reduction. These lessons learned have strongly influenced the management of change across local government. It has become more benefits centric, more collaborative and focussed on the necessity of the bottom line. The enormity of public sector spending cuts has focussed senior management attention on change, enabling organisational

convergence in benefits realisation. Whilst, the reality is that professional silos continue to exist much has been done in recent years to break these down. Identifying the opportunities for convergence is only the first step in what needs to be a radical transformation of how organisations work collaboratively to realise benefits. Finance professionals are taking a much closer interest in the management of change and conversely, project professionals are taking a much closer interest in financial benefits. This is clearly a positive step however it needs to be balanced against the need to also deliver important social benefits.

Effective portfolio management offers the opportunity to integrate the financial and change agenda at a strategic level however this is only one piece of the jigsaw necessary to achieve organisational integration. At a more operational level, organisations require a greater focus on the integration of financial budgeting and benefits forecasting, management accounting and benefits reporting along with business case development. Too many organisations approach these important activities in a siloed and transactional way losing the opportunity for essential wider collaboration.

**"Can organisations continue to invest in change without the necessity of joined-up working across the professional spectrum? The answer is clear".**

#### **6. Invest in professionalism; innovation and collaboration**

The talent agenda across local government is under the spotlight not least due to a reducing workforce through unprecedented cutbacks. This creates a challenge for organisations to ensure that they have the right skills aligned to new operating models and new ways of working. A recent article by The Guardian local government Network highlights that careers in some disciplines across local government are flourishing in hard times. According to the



article, there is now a premium placed on individuals who can demonstrate experience of change management and transformation. In addition, skills in project management and commissioning are becoming more sought after than ever. Recognising this dynamic, the challenge for those leading change across the sector is to decide whether to develop talent internally or recruit from outside. Whilst developing talent internally is politically more palatable, the decision point primarily relates to the urgency of the need for specific skills. The critical question for managers across local government is, "can they sustain such revolutionary change without a further step change in organisational capability?"

**"Importantly, local government requires a more strategic and integrated approach to benefits realisation, particularly around strategy/policy and the operational embedding of change; not just through project and programme management".**

A blended mix of training, skills development, mentoring/coaching and continuous professional development is required to build the necessary organisational capability. Incentivisation and recognition needs to be outcome based rather than centred on technical project and programme management skills and certification.

Professional development across local government needs to be innovative and collaborative to support organisational convergence in benefits realisation. Innovation is necessary to bring about new ways of working and strong leadership is required to incentivise the necessary collaboration across the breadth of the organisation. Benefits realisation is unlikely ever to be a professional discipline in its own right however project and programme managers, change managers, financial professionals, HR professionals and a host of other professional groups need to invest in benefits realisation skills. Successful change leadership needs to develop and mature from foundations that are cross-profession, collaborative and focussed on beneficial change.



## CONCLUSION: BRINGING IT ALL TOGETHER

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In recent years, much has been achieved across local government in developing organisational capability in change and benefits realisation however more needs to be done to capitalise on this success.

Big bold decisions have been necessary to balance legal responsibility against continually reducing funding and the need for revolutionary change. As a consequence, hard lessons have been learned. The sector is facing new challenges through continued cost reduction, an ageing population, welfare reform and new service delivery models. As a result, a step change is now required to build on past success and going forward, ensure that local government continues to meet its change agenda through successful benefits realisation. Important senior level conversations need to take place across organisations to understand and agree necessary action. Doing nothing is not an option.

Addressing the 'how' is rarely straightforward; the complexities need to be understood and the corrosive effect of procrastination avoided. This involves:

- leadership and vision to bring about the step change. This needs top-down direction with strong executive commitment to success;
- breaking down professional and organisational silos to incentivise collaboration on beneficial change;
- bringing innovation to the talent development agenda ensuring that all relevant managers are empowered to deliver beneficial change; and
- continually raising the bar through collaborative development and widespread sharing of good practice across the sector.

The APM Benefits SIG is committed to supporting APM members and the wider community to embed successful benefits realisation within organisations. This is a key element of vision for the APM's 2020 strategy - a world in which all projects succeed.

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<http://www.guardian.co.uk/local-government-network/2013/mar/04/growing-jobs-in-local-government>

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