

New Risk 53: The risk that Transformational Programmes and Major Project benefits are not fully realised.

Lead Member(s): Councillor Gwyneth Ellis

Risk Owner: Gary Williams

October 2024

This risk was added to the Corporate Risk Register in October 2024 recognising the increasing number and complexity of transformation / change projects we are delivering and the growing significance of delivering cost savings and benefits associated with projects.

Description

The council is embarking on a series of transformation projects within and across services, in addition to its portfolio of major projects. The requirement for transformation projects is driven by changes in the current and anticipated operating scenario across financial, social and environmental issues. Projects are likely to encompass restructuring and innovation which will touch on elements of other risks in our corporate risk register. However, adding this as a separate risk draws together the heightened risks from expanding cross-service working and the risk of investing in changes that do not deliver the anticipated benefits, partly or wholly. This would lead to reputational and financial consequences, especially where significant funding is coming from Welsh and UK governments, which could affect their confidence in us in the future.

Benefits management within projects is the responsibility of the Senior Responsible Officer (SRO) and requires clear identification and – to the extent possible – *quantification* of benefits, weighed up against the costs and risks carried by the project. These should be tested for optimism bias and sensitivity to major risks, with assumptions challenged through the design and implementation of the project.

Existing processes within the council to assess benefits and costs include:

- Business Case options appraisal - delivery options have been considered for the project
- Wellbeing impact assessments as live documents - amended for the project, updating where there are significant project changes, including cumulative assessments considering the potential for compounding impacts of multiple change projects.

The majority of council projects deliver benefits as scoped, with notable recent successes including:

- East Rhyl Coastal Defence - protection against flooding
- Corwen Town Centre Improvements – partnership with community council
- Electric vehicle charging points in car parks across Denbighshire

However, there are opportunities to strengthen processes as we begin to work across services to ensure consistent and joined-up approaches to managing change, risks and benefits. This will support more effective delivery of the whole transformation portfolio, and key programmes such as the Transformation Programme and the Climate Change & Nature Recovery Programme. In addition, strengthening programme and project management will support delivery and governance associated with the Sustainable Communities for Learning Fund, Shared Prosperity Fund (SPF), the Levelling Up Fund (LUF) and any successor funding programmes.

Processes to be reviewed and enhanced that would help mitigate this risk include:

- Project definition and budgeting
- Benefit identification, analysis and realisation
- Risk identification, analysis and mitigation
- Cost benefit analysis, including optimism bias and sensitivity testing
- Change management at project, programme and portfolio levels
- Communications.

Anticipated direction of travel:

The risk was raised in October 2024 to reflect the range of transformation / change projects we are and will be delivering, against anticipated instability in costs and delivery scenarios.

Impact / Consequences

The changes anticipated in business cases do not materialise and, hence, neither do their benefits.

While benefits could be underestimated and additional benefits be realised, the greater risk to Denbighshire County Council is where programmes or projects have a greater negative impact than anticipated, which could result in the following:

- The council's ambition and the scope of projects and programmes are curtailed due to increased costs.
- Services that are important for our residents are no longer available
- Performance deteriorates in important areas of our business (for our residents)
- Reinstatement/correction in performance is difficult and slow to achieve
- Reputation can suffer if performance deteriorates
- Reputation can suffer if messages are not managed
- The impact of not fulfilling our programmes and realising benefits could result in poor social, cultural, economic and environmental outcomes.
- Financial liabilities
- Regulatory liabilities
- Deteriorating staff morale and wellbeing
- Inability to meet statutory obligations
- Disproportionate return on investment.
- Failure to maximise opportunities for the benefit of communities and businesses in Denbighshire.
- Failure to agree a regional approach to funding projects.

Importantly, as resources reduce, there is less capacity to respond to new, emerging and unplanned issues of importance to residents, councillors or partners. As it is expected this coming period will be characterised by continued environmental, social

and economic turbulence, management of this risk becomes more significant for the organisation.

Inherent Risk

B2 – Critical Risk: Likely / High Impact

Controls to Manage Risk (in place)

Critical controls:

- Budget & Transformational Board established.
- The Corporate Plan 2022 to 2027 has been approved by Members and a performance management framework is in place. This captures the ambition of elected members for their term of office.
- Strategic Planning team supporting the appropriate governance arrangements for the corporate plan, and also support performance management in the organisation, therefore there's a strong alignment between 'change' and business-as-usual.
- More robust challenge is being directed at project sponsors around costs, contingency allocation and optimism biases; through CET, programme and project boards, at Cabinet, the Capital Scrutiny Group and through other committees.
- Programmes and projects are developed within robust management and governance systems. Notably, both the Corporate Programme Office and the Post-Brexit funding team includes project trained and experienced officers.
- Corporate Project register goes to CET on a quarterly basis and provides information about the status of projects.
- We ensure we have senior-level representation at board meetings. The North Wales Economic Ambition Board is attended by Denbighshire's Leader. Director-level representation is in place for the officer groups that support the Board and relevant key officers are represented on work stream meetings.
- Impact assessments are undertaken and form part of the cover report for decisions.
- Risk are considered and form part of the cover report for decisions.

- The Verto project management platform records project benefits
- Significant outcomes from projects are identified as part of Service Planning processes.
- Finance remove savings from budgets to ensure financial savings are delivered.
- Performance Reports on the Corporate Plan are sent to SLT, Cabinet and Scrutiny every 6 months.
- SLT reviews key projects every three months.

Ancillary controls:

- Managers ensure the Communications Team is fully briefed, as early as possible, on any situation that may cause significant reputational loss. The Communications Team manage media and public relations and internal communications on the matter.
- As a result of lessons learned previously, Corporate Plan Theme Boards have had a standing agenda item about communications and proactive communications management.
- Communications and stakeholder management are core parts of project briefs, businesses cases and project/programme management.
- The council partakes in government consultations on new legislation (either directly or through the WLGA).

Relevant indicators of the effectiveness of controls:

- CPPRCORP: The percentage of Council projects whose delivery confidence was updated within the past three months (Corporate Project Register)
- [TBC] The percentage of completed Council projects that include a closure report in Verto

Residual Risk

B2 - Critical Risk: Likely / High Impact

Is our risk exposure (based on the score) consistent with the council's Risk Appetite?

Critical risk. Our risk appetite statement says that at most, this risk should be a major risk at most.

Further Actions

- Identify code for risk indicator above
- Establish a project managers forum comprising champions from each service to support with project management skills and the use of Verto
- Develop an internal project management training programme
- Develop an introduction to Project Management and Verto module available to any interested employee
- Further embed our approach on project closure and lessons learned
- Further embed our approach on benefit realisation and evaluation post project closure

Action Due Date: July 2025

Person Responsible: Lead Project Manager, Corporate Programme Office