



Government of **Western Australia**  
Department of **Finance**  
**Government Procurement**

# Gateway

Benefits Evaluation

Workbook



## ABOUT THIS WORKBOOK

This workbook supports the Gateway review Benefits Evaluation, the last in a series of six reviews a project may undergo. This review confirms that the benefits set out in the business case are being achieved and the operational service (or facility) is running smoothly.

The checklists in this workbook provide review teams with key areas to explore, and suggest evidence to look for. At the same time, they provide the Senior Responsible Officer (SRO) with information on the areas the review team will be exploring, the types of documents it will be reviewing and the evidence it will be expecting.

As each project is unique and circumstances vary, this workbook should be used as a guide for appropriate questions and evidence, not a full checklist of mandatory items.



The review confirms the operational service is running smoothly.

## BENEFITS EVALUATION

Gateway review Benefits Evaluation relates to the operational phase, after the project has delivered its agreed outputs. Unlike the earlier phases of the project lifecycle, the operational phase is likely to be long term and consume a significant proportion of the whole-life costs of the investment within the business case.

The first benefits evaluation review typically takes place six to 12 months after handover to the new owner. Subsequent reviews may occur several times throughout the life of the operational service, and a final review shortly before the end of a service contract.

The first review concentrates on the business case and how well arrangements have been set up for the service delivery and the associated contract management. Depending on the lifespan of the operational service, there may be a number of mid-term reviews to check operational management.

For a long term service contract (such as a hospital), there may be multiple reviews over an extended period. A mid-term review examines in detail aspects such as arrangements for contract management improvements in value for money and performance incentives against a baseline. The final review will concentrate on the project activities concerned with closing down the current service contract and ensuring that suitable arrangements are in place for the future.

There may also be projects where only one review is needed. It should be held six to 12 months after rollout of the new service or delivery of the new assets, when evidence of the in-service benefits delivered is available. Benefits may not all be delivered at the same time.

Handover from the project's SRO to the operational business owner typically occurs within a year of the start of the operational service. It will be the business owner's responsibility to ensure the expected benefits are delivered and the operational service runs smoothly. It will also be their responsibility to close the current arrangements and report back to senior management.



## KEY AREAS OF REVIEW

This review aims to answer the question:

***“Have the expected benefits been delivered?”***

It investigates the following areas:

**Outcomes and objectives:** Is the business case justification for the change still realistic and the business need for the investment valid? Are the benefits being delivered?

**Stakeholders:** Are the benefits accepted by the key stakeholders and in line with expectations?

**Context:** Have the benefits been assessed in the context of the ongoing business need of the contract? Have the benefits been considered in terms of the potential for the delivery of benefits to be adaptable to changing business needs?

**Project management:** Are there adequate controls in place to manage the project to its defined conclusion?

**Risk:** Are there adequate controls in place to accommodate changes to changing business needs? Have these controls been made available to all relevant stakeholders?

**Resourcing:** Are there adequate resources available for the ongoing management of the contract? Has there been confirmation of the key personnel continuity in management roles?

Once the evidence for each of these areas has been considered by the review team, the program is evaluated on its readiness for the next phase and recommendations to this effect are made.

## STRUCTURE OF REVIEW

The Gateway review Benefits Evaluation is broken up into the following sections:

- **Review of operating phase**
- **Business case and benefits management**
- **Plans for ongoing improvements in value for money**
- **Plans for ongoing improvements in performance and innovation**
- **Review of organisational learning and maturity targets**
- **Readiness for the future – plans for future service provision.**

The following checklists provide review teams with a range of appropriate questions and evidence to look for in each of the above sections. It also provides the SRO and project teams with a guide as to what the review team will be exploring.

As each project is unique and circumstances vary, these questions should be used as a guide rather than a full checklist of mandatory items.



*The Gateway review Benefits Evaluation looks into readiness for the future.*

# 1. REVIEW AREA: REVIEW OF OPERATING PHASE

Areas to review	Evidence expected
<b>1.1 Is the service/facility operating to defined parameters?</b>	<ul style="list-style-type: none"><li><input type="checkbox"/> Operating parameters updated as needs change, documented in change control and updated Service Level Agreements (SLAs).</li><li><input type="checkbox"/> Service delivery measured against those parameters.</li><li><input type="checkbox"/> Measures to address poor/non-performance are proving effective.</li><li><input type="checkbox"/> Facility safe to operate and maintain.</li><li><input type="checkbox"/> Information on how the assets are being satisfactorily maintained, especially the 'hidden' ones such as mechanical and electrical systems.</li><li><input type="checkbox"/> Plans for the delivery of maintenance over the lifecycle of the asset.</li><li><input type="checkbox"/> Sustainability targets met or exceeded.</li><li><input type="checkbox"/> Customer/stakeholder satisfaction experiences assessed.</li></ul>
<b>1.2 Has benchmarking/market testing been undertaken?</b>	<ul style="list-style-type: none"><li><input type="checkbox"/> Details of the benchmarking/market testing activities that are being carried out by the parties as defined within their agreement.</li><li><input type="checkbox"/> If no benchmarking or market testing is in the contract, regular value for money reviews are being held where required.</li></ul>
<b>1.3 Has the project documentation (e.g. training material and training program) been delivered and kept up to date?</b>	<ul style="list-style-type: none"><li><input type="checkbox"/> New staff trained and existing staff updated at appropriate intervals.</li><li><input type="checkbox"/> No backlog of material to be updated.</li><li><input type="checkbox"/> Responsibilities for updating training material and documentation defined.</li><li><input type="checkbox"/> Health and safety file updated.</li></ul>
<b>1.4 Are the governance and contractual relationships satisfactory?</b>	<ul style="list-style-type: none"><li><input type="checkbox"/> Regular reviews between supplier and client.</li><li><input type="checkbox"/> Documented improvements and evidence that changes to the contract are justified.</li><li><input type="checkbox"/> How agreed actions are taken forward and dealt with operationally.</li><li><input type="checkbox"/> Action plan documented and kept up to date as a live plan.</li><li><input type="checkbox"/> Measurement of service or contract improvements.</li><li><input type="checkbox"/> Reports on work done and plans for expected work.</li><li><input type="checkbox"/> Representation of client and suppliers at an appropriate senior level.</li></ul>

**1.5 Are there plans for continuity in contract management?**

- Forward resource plans.
- Succession planning for key roles.
- Continuity of knowledge when contract team staff change.
- Handover and key process information clearly and simply recorded.
- Contract guide available and in use.
- Capture of informal contract agreements is documented on a regular basis.
- Skills appraisal and plans for addressing shortfalls.
- Details of how customer input is maintained.

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**1.6 Are plans for ongoing risk management up to date?**

- Updated risk register, risk reporting and management in line with good practice.
- Business continuity/contingency plans updated.
- Operational health and safety aspects considered.

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**1.7 Is change management effective?**

- Process for evaluating and agreeing proposals for major change.
- Documented minor changes process.
- Approval process.
- Forward looking reviews that identify possible change.

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**1.8 Is relationship management effective?**

- Types of meetings held between various parties with forward outline timetable.
- Communication and meeting structure, both formal and informal, between all parties including stakeholders.
- Indication that structure is set up for running a long-term contract.
- Robust contract management processes in place for keeping good records.
- On-site presence of supplier staff.
- User groups or equivalent.

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**1.9 Is training and support adequate?**

- The key post holders have appropriate skills and experience.
- Access is available to expertise or specialist training.

## 2. REVIEW AREA: BUSINESS CASE AND BENEFITS MANAGEMENT

Areas to review	Evidence expected
2.1 Is the business case still valid?	<input type="checkbox"/> Confirmation that the business case still fits with the organisation's strategic objectives and priorities, is achievable and affordable. <input type="checkbox"/> Confirmation of ongoing stakeholder commitment. <input type="checkbox"/> Is the business owner committed to the business case.
2.2 Are the business benefits being realised as set out in the business case? Did the organisation achieve more or less than expected?	<input type="checkbox"/> Findings from internal post implementation or equivalent major review, including: - Project success criteria met - Project performance criteria and KPIs met or exceeded - Whole-life value targets achieved. <input type="checkbox"/> Contribution to project benefits and outcomes tracked. <input type="checkbox"/> Updated benefits capture plans compared with the Tender Decision and Readiness for Service reviews. <input type="checkbox"/> Assessment of benefits in current operating regime using the benefits measurement basis confirmed by Readiness for Service review. <input type="checkbox"/> Anticipated future benefits.
2.3 Have the needs of the business, end-users or stakeholders changed?	<input type="checkbox"/> Comparison of current business and end-user needs with those identified in the Tender Decision and Readiness for Service reviews. <input type="checkbox"/> Periodic reviews of business and end-user needs and a projection of future changes.
2.4 Have all the governance and stakeholder issues been addressed?	<input type="checkbox"/> Operational communications strategy, communications plan and issues log updated. <input type="checkbox"/> Governance structure including representatives of key stakeholders reciprocated in both client and provider organisation. <input type="checkbox"/> Issues escalated to the appropriate level in client's and provider's organisations to ensure resolution. <input type="checkbox"/> Empowerment given to those decision makers. <input type="checkbox"/> Representatives of stakeholders involved appropriately.
2.5 Are the users satisfied with the operational service?	<input type="checkbox"/> Details of users, their outputs and feedback process. <input type="checkbox"/> Indication of preparation in advance with users for changes in the way in which services will be delivered. <input type="checkbox"/> User-friendly guide available on the services that are provided by the service provider.

### 3. REVIEW AREA: PLANS FOR ONGOING IMPROVEMENTS IN VALUE FOR MONEY

Areas to review	Evidence expected
<p><b>3.1 What is the scope for improved value for money:</b></p> <ul style="list-style-type: none"> <li>- Can more be done for less?</li> <li>- Could the provider deliver better service quality at the same price?</li> <li>- Can maintenance costs be driven down?</li> </ul>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Analysis of value for money to date against scenarios for future service use.</li> <li><input type="checkbox"/> Commercial intelligence about the provider's track record with others and/or comparison with other providers offering similar services.</li> <li><input type="checkbox"/> Details of efficiency gains expected and achieved.</li> </ul>
<p><b>3.2 Has the organisation benchmarked its contract-related processes by comparing with other equivalent organisations involved in similar relationships?</b></p>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Benchmarking assessments of processes such as:               <ul style="list-style-type: none"> <li>- Demand management</li> <li>- Service planning and development</li> <li>- Service quality</li> <li>- Investment decisions/project justification</li> <li>- Benefits management.</li> </ul> </li> </ul>
<p><b>3.3 Are commercial mechanisms providing appropriate incentives?</b></p>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Payments to the provider dependent on the benefits derived from implementing a particular program of change.</li> <li><input type="checkbox"/> Provider has incentives to delivery and also for ensuring that individual investments are well planned, achievable and will deliver value.</li> <li><input type="checkbox"/> Clear business justification with robust benefits identified on each occasion.</li> <li><input type="checkbox"/> Target incentive mechanisms where work is task-based.</li> <li><input type="checkbox"/> Provider is given incentives to submit optimum resource estimates for a task, and benefits of the provider exceeding or undercutting those original statements.</li> </ul>
<p><b>3.4 Are the client plans for the next five years (or the period up to the next decision point) affordable?</b></p>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Plans for the future and corresponding budget information.</li> </ul>
<p><b>3.5 What is the predicted condition of the asset at the end of the contract period?</b></p>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Contract information relating to condition of asset at end of contract (e.g. mechanical and electrical systems and building fabric).</li> <li><input type="checkbox"/> Supplier maintenance plans and client's understanding of these (e.g. responsibility for updating software).</li> </ul>

## 4. REVIEW AREA: PLANS FOR ONGOING IMPROVEMENTS IN PERFORMANCE AND INNOVATION

Areas to review	Evidence expected
<b>4.1 Is the organisation setting realistic targets for continuous improvement year-on-year from this service? Are the targets specific, measurable, agreed, realistic and timely?</b>	<input type="checkbox"/> Understanding and use of key techniques such as balanced scorecard, ongoing stakeholder analysis, benchmarking, goal/question/metric approach.
<b>4.2 Are the client and partner working together actively to identify opportunities for improvement through innovation?</b>	<input type="checkbox"/> Details of innovation achieved in service delivery by possibly using industry surveys, benchmarking, reviews by external consultants and reports from the service provider. <input type="checkbox"/> Whether people at all levels have the ability to contribute and is this encouraged by using feedback and staff suggestion schemes.
<b>4.3 Is the organisation tracking its progression to improved performance and the flow of results through key milestones and the business planning cycle?</b>	<input type="checkbox"/> Clear links to outcomes. Performance information clearly linked to planned outcomes and enables ready assessment of performance in terms of effectiveness, efficiency and service quality. <input type="checkbox"/> Core sets of performance information that meet multiple purposes are consistent and complementary. <input type="checkbox"/> Ongoing assessment of appropriateness of performance information. <input type="checkbox"/> Responsibilities for performance management are defined and understood by organisation and supplier. <input type="checkbox"/> Direct links between planning and results. <input type="checkbox"/> Ongoing monitoring of performance and periodic evaluation. <input type="checkbox"/> Integration with corporate and business planning.

**4.4 Does the organisation have performance measures to cover all aspects of the contract?**

- Performance measures relating to:
  - Cost and value obtained
  - Performance and customer satisfaction surveys
  - Delivery improvement and added value
  - Delivery capability
  - Benefits realised
  - Relationship strength and responsiveness.
- Details of the roles responsible for taking the measurements.
- Details on how the information is used and followed up.
- Effect of any contract refresh or rebalancing of the performance measurement system.

**4.5 Do the selected performance measures offer clear and demonstrable evidence of the success (or otherwise) of the contract?**

- Performance measures are:
  - Meaningful and visible to an organisation's management group
  - Properly reflect user and stakeholder perceptions
  - Are amenable to identifying the need for supporting or remedial action as part of the contract management activity.

**4.6 Are performance measures that relate to delivery or capability improvement tracked against an existing baseline?**

- Baseline is established in the business case.
- Performance measures are tracked against that baseline.

**4.7 For performance assessment, are there measures for:**  
- Ongoing service delivery?  
- The desired results of individual program of change or improvement, implementation of projects?  
- The overall results or impact of the project?

- Formal SLA approach and related measures.
- Investment appraisal and benefits management techniques are constructed on a case by case basis.
- Objectives identified during project scoping and in the preliminary business analysis activity. They should be rooted in the agency's long term business strategy.

## 5. REVIEW AREA: ORGANISATIONAL LEARNING AND MATURITY TARGETS

Areas to review	Evidence expected
<b>5.1 Does the organisation have a well defined, implemented and effective process for embedding improvements based on the lessons learned from the project?</b>	<ul style="list-style-type: none"><li><input type="checkbox"/> A mechanism for capturing and recording the initial data.</li><li><input type="checkbox"/> Internal evaluation of lessons learned.</li><li><input type="checkbox"/> Mechanisms and policy for making information available within and outside the organisation.</li><li><input type="checkbox"/> A process for feeding back to organisational project teams.</li><li><input type="checkbox"/> Participation in knowledge-sharing forums.</li><li><input type="checkbox"/> Appropriate help and expertise available when required from the corporate centre.</li><li><input type="checkbox"/> Details of the application of learning from the provider and their organisation's systems.</li></ul>
<b>5.2 Has there been a review of how well the project was managed?</b>	<ul style="list-style-type: none"><li><input type="checkbox"/> Evidence of formal review at project closure.</li></ul>
<b>5.3 Are suppliers encouraged to learn from experience?</b>	<ul style="list-style-type: none"><li><input type="checkbox"/> Incentives for suppliers to improve project delivery.</li><li><input type="checkbox"/> Commitment to long-term relationships with integrated project teams.</li></ul>

## 6. READINESS FOR THE FUTURE: PLANS FOR FUTURE SERVICE PROVISION

Areas to review	Evidence expected
<p><b>6.1</b> Is there an ongoing need for the service?</p>	<p><input type="checkbox"/> Updated business case, linked to current business strategy.</p>
<p><b>6.2</b> If the service will be needed in the future, what is its likely scope?</p>	<p><input type="checkbox"/> Options appraisal to include some or all of the following:</p> <ul style="list-style-type: none"> <li>- Do nothing</li> <li>- To retain the scope of the existing project</li> <li>- To split the scope of the existing contract</li> <li>- To broaden the scope of the existing contract</li> <li>- To completely rethink the requirement for the contract</li> <li>- Single/multiple sources of supply</li> <li>- Combining new services with others providing similar/complementary services.</li> </ul>
<p><b>6.3</b> Are there any major issues with the current contract that could affect the approach to retendering? Factors to consider include:</p> <ul style="list-style-type: none"> <li>- Range of services: Could the provider cope with the range of services provided or were there significant weaknesses?</li> <li>- Flexibility of contract: How adaptable was the relationship to both foreseen and expected changes in the nature and level of demand?</li> <li>- Client's reaction and adjustment to outsourcing: How well did users adapt to services provided by a third party? Was management confident that the provider could be trusted to provide the service? Is the organisation now ready for a greater dependence upon outsourcing?</li> <li>- Exit strategy: Will the retendering be straightforward or is there a danger that the client is now 'locked in'? Have agreements been made to ensure the handover is as smooth as possible?</li> </ul>	<p><input type="checkbox"/> Updated risk register and issue log.</p> <p><input type="checkbox"/> Exception reporting from regular client/provider progress meetings.</p> <p><input type="checkbox"/> Reports from contract and service management functions.</p> <p><input type="checkbox"/> Exit strategy and details of handover arrangements.</p>

## PROJECT DOCUMENTS

Examples of evidence expected for each area should be available before the review starts.

The following is a range of information that would typically be required by the review team:

- **Business case** An updated business case that reflects actual operating conditions, base-lined against the business case.
- **Post project reporting** Report on the findings from post implementation review (or equivalent major post project review).
- **Benefits** An assessment of the benefits delivered to date and expectations for the future.
- **Contract changes** A summary of contract changes.
- **Improvement** Plans for contract improvement and service improvement.
- **Performance** Performance measurement systems, performance reports and KPIs.
- **Customer surveys** Customer surveys and their results.
- **Future** Resources, skills appraisals and personnel plans to continue managing the contract.
- **Stakeholders** Reports on stakeholder issues.
- **Asset disposal** Plans for disposal of any assets at the end of the contract.
- **Relationships** Information showing how clients/providers managed the relationship and engaged with each other.







