

Benefits realisation



Gate 5



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Overview of Gate 5: Benefits realisation

About this workbook

This workbook supports Gate 5: Benefits realisation.

This review confirms that the benefits set out in the business case are being achieved and that the operational service (or facility) is running smoothly. The review is repeated throughout the life of the service, with the first review typically 6-12 months after handover to the new owner and a final review shortly before the end of a service contract. The review can also be used on a one-off basis, to check that a project has delivered its intended outputs.

Purpose of Gate 5: Benefits realisation

- Assess whether the business case justification for the project is still realistic.
- Confirm that there is still a business need for the investment.
- Assess whether the benefits anticipated at this stage are actually being delivered.
- Assess the effectiveness of the ongoing contract management processes.
- Confirm that the client-side continues to have the necessary resources to manage the contract successfully.
- Confirm continuity of key personnel involved in contract management informed purchaser roles.
- Where changes have been agreed, check that they do not compromise the original delivery strategy.
- Assess the ongoing requirement for the contract to meet business need. Ensure that if circumstances have changed, the service delivery and contract are adapting to the new situation. Changing circumstances could affect partner management, relationship management, service management, change management, contract management, benefits management and performance management.
- Check that there is ongoing contract development to improve value for money.
- Confirm that there are plans to manage the contract to its conclusion.
- Where applicable, confirm the validity of exit strategy and arrangements for re-tendering.
- Evaluate actions taken to implement recommendations made in any earlier assessment of deliverability.
- Assess lessons learned and methodology for sharing with peers and across Government.

Benefits realisation

Gate 5: Benefits realisation is for the operational phase, after the project has delivered its agreed outputs which contribute to the outcomes of a program. Unlike earlier phases of the project lifecycle, the operational phase is likely to be long-term and consume a significant proportion of the whole-of-life costs of the investment from the business case.

Gate 5 will typically occur several times over the life of the operational service.

An initial Gate 5 review concentrates on the business case and how well arrangements have been set up for the service delivery and the associated contract management.

A mid-stage Gate 5 review examines aspects such as arrangements for contract management improvements in value for money and performance incentives against a baseline. For a long-term service contract (such as a hospital) there may be four reviews over a period of twenty years. For ICT-enabled projects the period may be much shorter and there may be only one or two reviews over a five year period.

A final Gate 5 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 Gate 5 review is needed. In this case the review should be held 6-12 months after roll-out of the new service or delivery of the new assets, when evidence of the in-service benefits delivered is available.

At appropriate points, the findings from the Gate 5 reviews will inform future program level decisions and the Gate 0: Strategic assessment reviews.

Handover from the project owner 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 that the expected benefits are delivered and the operational service runs smoothly. It will also be their responsibility to close the current arrangement and report back to senior management, providing input as necessary into new initiatives.

At Gate 4: Readiness for service, the project owner decides on the timing of the initial Gate 5 review, to coincide with the key decision points following any post implementation review. The new owner of the operational service will decide on the timings of subsequent Gate 5 reviews.

A post implementation review is an internal project assurance for the project owner to confirm that the investment in the business case was justified and lessons learned have been captured. The Gate 5 review is an external peer review that includes the post implementation review as a major input into its investigation.

Review guidance

This section contains key topics that are commonly considered when undertaking a Gate 5: Benefits realisation review. Because each project is unique, it should be used as a guide to the range of appropriate topics and evidence, not a complete checklist of mandatory items.

Review teams are expected to use their own expertise in determining which topics are the most relevant for the project being reviewed. Consideration should also be given to whether additional or different issues need to be addressed and evidence sought.

1. Review of operating phase

How to use this section	
Initial Gate 5: Benefits realisation	<p>All the areas of investigation and evidence expected in this section may not be available at this review.</p> <p>At the start of a medium to long-term contract for operational service, a Gate 5 review will occur after 6-12 months (the time from the asset, system or service becoming operational to this review).</p> <p>For Public Private Partnerships (PPP) and other service contracts, this review should look at the current processes and behaviours but also look ahead into the future for any difficulties that could hinder the success of the operating period (e.g. client, provider and user relations). It should look closely at how the transition to the operational state is progressing.</p>
Mid-stage Gate 5: Benefits realisation	<p>This section, together with section 3: plans for ongoing improvements in value for money and section 4: plans for ongoing improvements in performance and innovation, form the core of the repeating reviews for operational service contracts, including PPP.</p>
Final Gate 5: Benefits realisation	<p>The main focus of this section at this final stage is to assess the operation of the contract over the period since the last review in the same way as a mid-stage Gate 5 review. It would also look ahead to see how the operating phase is being brought to a close.</p>

Areas to probe		Evidence expected
1.1	Is the service/facility operating to defined parameters?	<ul style="list-style-type: none"> operating parameters updated as needs change, documented in change control and updated service level agreements (SLAs) service delivery measured against those parameters measures to address poor or non-performance are proving effective facility safe to operate and maintain information provided on how the assets are being satisfactorily maintained, especially the 'hidden' ones such as mechanical and electrical systems plans in place for the delivery of maintenance over the lifecycle of the asset sustainability targets are met or exceeded customer and stakeholder satisfaction experiences are assessed.

Areas to probe		Evidence expected
1.2	Has benchmarking/market testing been undertaken?	<ul style="list-style-type: none"> • details of the benchmarking or market testing activities that are being carried out by the parties as defined within their agreement • where required, regular value for money reviews are being held if no benchmarking or market testing is in the contract.
1.3	Has the project documentation (e.g. training material and training program) been delivered and kept up-to-date?	<ul style="list-style-type: none"> • new staff trained and existing staff updated at appropriate intervals • no backlog of material to be updated • responsibilities for updating training material and documentation defined • health and safety file updated as required.
1.4	Are the governance and contractual relationships satisfactory?	<ul style="list-style-type: none"> • regular reviews between supplier and client • documented improvements and evidence that changes to the contract are justified • how agreed actions are taken forward and dealt with operationally • action plan documented and kept up-to-date as a live plan • measurement of contract improvements • reports on work done and plans for expected work • representation of client and suppliers at an appropriate senior level.
1.5	Are there plans for continuity in contract management and 'informed purchaser' knowledge?	<ul style="list-style-type: none"> • forward resource plans • succession planning for key roles • continuity of knowledge when contract team staff change • hand-over and key process information clearly and simply recorded • contract guide available and in use • capture of informal contract agreements are documented on a regular basis • details of how the informed purchaser input is maintained • skills appraisal and plans for addressing shortfalls.
1.6	Are plans for ongoing risk management up-to-date?	<ul style="list-style-type: none"> • updated risk register, risk reporting and management in line with best practice • business continuity and contingency plans updated as required • operational health and safety aspects considered.
1.7	Is change management effective?	<ul style="list-style-type: none"> • process for evaluating and agreeing proposals for major change • documented minor changes process • approval process • forward looking reviews that identify possible change.

Areas to probe		Evidence expected
1.8	Is relationship management effective?	<ul style="list-style-type: none"> • types of meetings held between various parties with forward outline timetable • communication and meeting structure in place, 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 and client view of this • user groups or equivalent.
1.9	Is training and support adequate?	<ul style="list-style-type: none"> • key personnel have appropriate skills and experience • access is available to expertise or specialist training when required.

2. Business case and benefits management

How to use this section	
Initial Gate 5: Benefits realisation	<p>This is for projects delivering an asset as a stand alone project or as an input to a program. Alternatively, the project may be delivering an asset as part of the maintenance regime of an existing operational service.</p> <p>The main focus of this section will be the key measure of the delivery of the business case and the benefits that will be subsequently managed within a larger operational program or service.</p>
At the start of a medium to long-term contract for operational service Gate 5: Benefits realisation	<p>This review will occur after 6-12 months (the time from the asset, system or service becoming operational to this Gate 5 review). All areas in this section will need to be investigated to confirm that there is a business need and supportive stakeholders.</p> <p>For PPP, this section will measure the delivery of the asset and benefits against the original business case. It will also set a benchmark at the time of the review for any changes that have necessarily occurred to the original business case. For all contracts, the governance arrangements of the operational contract are fundamental to its success.</p>
Mid-stage Gate 5: Benefits realisation	<p>For PPP and partnering projects, these reviews are held every three to five years depending on key decision points and the expected extent of policy change within that sector (e.g. education, health). The focus in this section will be on what has changed in terms of assumptions or circumstances (e.g. change of policy direction, technology change, people skills or resources, the governance arrangements and user satisfaction).</p>
Final Gate 5: Benefits realisation	<p>This review is held approximately one to two years before the completion of the contract period, depending on its overall length. The key aspects to investigate in this section will be to see that the asset will fit in with a new program and business case that meets the requirements of key stakeholders.</p> <p>The new business case is examined in detail at a Gate 0: Strategic assessment review on a new program. A strong governance structure should be in place to oversee the end of one contract and, if applicable, the start of another.</p>

Areas to probe		Evidence expected
2.1	Is the business case still valid?	<ul style="list-style-type: none"> confirmation that the business case still fits with the organisation's strategic objectives and priorities, is achievable and affordable confirmation of ongoing stakeholder commitment confirmation that the business owner is 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?	<ul style="list-style-type: none"> findings from internal post implementation review, post project review or equivalent major review documented, including project success criteria met, project performance criteria and key performance indicators (including any design quality indicators) met or exceeded and whole-life value targets achieved contribution to program or project benefits identified (as appropriate) and strategic outcomes tracked updated benefits capture plans compared with Gate 3: Contract award and Gate 4: Readiness for service assessment of benefits in current operating regime using the benefits measurement basis confirmed by Gate 4: Readiness for service anticipated future benefits identified.
2.3	Have the needs of the business, end-users or stakeholders changed?	<ul style="list-style-type: none"> comparison of current business and end-user needs with those identified in Gate 3: Contract award and Gate 4: Readiness for service periodic reviews of business and end-user needs and a projection of future changes.
2.4	Have all governance and stakeholder issues been addressed? These include the statutory process, communications, external relations, environmental issues and personnel.	<ul style="list-style-type: none"> operational communications strategy, communications plan and issues log updated governance structure documented including representatives of key stakeholders reciprocated in both client and provider organisation issues escalated to the appropriate level in client and provider's agencies to ensure resolution empowerment given to people who are required to make decisions representatives of stakeholders involved appropriately.
2.5	Are the users satisfied with the operational service?	<ul style="list-style-type: none"> details of user groups, their outputs and feedback process provided indication that there is preparation in advance with users for changes in the way services will be delivered under this contract user-friendly guide available on the services provided.

3. Plans for ongoing improvements in value for money

How to use this section	
Initial Gate 5: Benefits realisation	All the areas of investigation and evidence expected in this section may not be available at this review.
At the start of a medium to long-term contract for operational service Gate 5: Benefits realisation	After 6-12 months (the time from the asset, system or service becoming operational to this start-up Gate 5 review), the client and provider of the service will be bedding in the operational contract management. This section's aim is to ensure that future value for money improvements are being thought about, so that when the next Gate 5 review occurs, improvements are demonstrable.
Mid-stage Gate 5: Benefits realisation	This section, together with section 1: review of operating phase and section 4: plans for ongoing improvements in performance and innovation, form the core of the repeating reviews for operational service contracts, including PPP. There are a number of specific issues that are particularly pertinent to PPP projects.
Final Gate 5: Benefits realisation	All the areas of investigation and evidence expected in this section may not be available at this review.

Areas to probe		Evidence expected
3.1	<p>What is the scope for improved value for money:</p> <ul style="list-style-type: none"> • can more be done for less? • could the provider deliver better service quality at the same price? • can maintenance costs be driven down? 	<ul style="list-style-type: none"> • analysis of value for money to date against scenarios for future service use • commercial intelligence gained about the provider's track record with others and comparison with other providers offering similar services • documented details of efficiency gains expected and achieved.
3.2	<p>Has the organisation benchmarked its contract-related processes by comparing with other equivalent organisations involved in similar relationships?</p>	<ul style="list-style-type: none"> • benchmarking assessments of processes undertaken such as: <ul style="list-style-type: none"> – demand management – service planning and development – service quality – investment decisions or project justification – benefits management.
3.3	<p>Are commercial mechanisms providing appropriate incentives?</p>	<ul style="list-style-type: none"> • payments to the provider made dependent on the benefits derived from implementing a particular program of change • provider is given incentives to deliver and also to ensure that individual investments are well planned, achievable and will deliver value • clear business justification with robust benefits identified on each occasion • target incentive mechanisms in place where work is task-based • provider is given incentives to submit optimum resource estimates for a task, with sharing in pre-defined ratios of the risks and benefits if the provider exceeds or undercuts the original estimates.

Areas to probe		Evidence expected
3.4	Are the client plans for the next five years (or the period up to the next decision point) affordable?	<ul style="list-style-type: none"> plans for the future and budget information documented and affordable.
3.5	Predicted condition of the asset (where appropriate) at the end of the contract period.	<ul style="list-style-type: none"> contract information relating to condition of asset at the end of the contract documented (e.g. mechanical and electrical systems and building fabric) supplier maintenance plans in place and client's understanding of these gained (e.g. responsibility for updating of software).

4. Plans for ongoing improvements in performance and innovation

How to use this section	
Initial Gate 5: Benefits realisation	All the areas of investigation and evidence expected in this section may not be available at this review. This is an important section to ensure the teams are positioning themselves to be able to innovate and deliver improvements in performance between now and the next Gate 5 review.
At the start of a medium to long-term contract for operational service Gate 5: Benefits realisation	After 6-12 months (the time from the asset, system or service becoming operational to this start-up Gate 5 review), the client and provider of the service will be bedding in the operational contract management. This section's aim is to ensure that future value for money improvements are being thought about, so that when the next Gate 5 review occurs, improvements will be demonstrable.
Mid-stage Gate 5: Benefits realisation	This section, together with section 2: review of operating phase and section 3: plans for ongoing improvements in value for money, form the core of the repeating reviews for operational service contracts, including PPP. There are a number of specific issues that are particularly pertinent to PPP projects.
Final Gate 5: Benefits realisation	All the areas of investigation and evidence expected in this section may not be available at this review.

Areas to probe		Evidence expected
4.1	Is the organisation setting realistic targets for continuous improvement year-on-year from this service?	<ul style="list-style-type: none"> understanding and use of key techniques evident e.g. balanced scorecard, business excellence model, ongoing stakeholder analysis, benchmarking, goal, question or metric approach.
4.2	Are the client and partner working together actively to identify opportunities for improvement through innovation?	<ul style="list-style-type: none"> details of innovation achieved in service delivery through use of industry surveys, benchmarking, reviews by external consultants and/or reports from the service provider evidence that people at all levels have the ability to contribute, encouraged by feedback and staff suggestion schemes.
4.3	Is the organisation tracking its progression to improved performance and the flow of results through key milestones and the business planning cycle?	<ul style="list-style-type: none"> performance information clearly linked to planned outcomes, enabling ready assessment of performance in terms of effectiveness, efficiency and service quality core sets of performance information identified that meet multiple purposes and are consistent and complementary ongoing assessment undertaken of appropriateness of performance information responsibilities for performance management defined and understood by organisation and supplier direct links between planning and results are evident ongoing monitoring of performance and periodic evaluation undertaken integration with corporate and business planning.

Areas to probe		Evidence expected
4.4	Does the organisation have performance measures to cover all aspects of the contract?	<ul style="list-style-type: none"> • performance measures in place relating to: <ul style="list-style-type: none"> – cost and value obtained – performance and customer satisfaction surveys – delivery improvement and added value – delivery capability – benefits realised – relationship strength and responsiveness • roles responsible for taking the measures identified • evidence of how the information is used and followed up • documented effect of any contract refresh or re-balancing 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?	<ul style="list-style-type: none"> • performance measures chosen are meaningful and visible to an organisation's management group, properly reflect user and stakeholder perceptions and are amenable to identifying the need for supporting or remedial action as part of the contract management activity.
4.6	Are performance measures related to delivery or capability improvement tracked against an existing baseline?	<ul style="list-style-type: none"> • a baseline is established in the business case for the contract, and performance measures are tracked against that baseline.
4.7	For performance assessment, are there measures for: <ul style="list-style-type: none"> • ongoing service delivery? • the desired results of individual programs of change or improvement and implementation of projects? • the overall results or impact of the contract - what does the organisation want to achieve by the end of the contract period? 	<ul style="list-style-type: none"> • documented service level agreement approaches and related measures • investment appraisal and benefits management techniques are constructed on a case-by-case basis • objectives identified during project scoping and preliminary business analysis rooted in the organisation's long-term business strategy • for construction projects, evidence that user satisfaction has been or will be monitored as required.

5. Review of organisational learning and maturity targets

How to use this section	
Initial Gate 5: Benefits realisation	All the areas of investigation and evidence expected in this section may not be available at this review.
At the start of a medium to long-term contract for operational service Gate 5: Benefits realisation	What arrangements has the organisation put in place to collect and evaluate lessons learned from the contract and how will this operate? This is important for contracts let on a similar contract basis (e.g. PPP, term contract) to confirm that the relevant organisations collect learnings.
Mid-stage Gate 5: Benefits realisation	The topics in this section are used to assess if organisations are actually collecting learning on an ongoing basis.
Final Gate 5: Benefits realisation	As part of the close-down of the project, there will be documented learning.

Areas to probe		Evidence expected
5.1	Does the organisation have a well-defined, implemented and effective process for embedding improvements based on the lessons learnt from the project?	<ul style="list-style-type: none"> • a mechanism for capturing and recording the initial data • internal evaluation of lessons learnt • mechanisms and policy for making information available within and outside the organisation • a process for feeding back to organisation's project teams • participation in knowledge-sharing forums • appropriate help and expertise available when required • details of the application of learning from the provider and their organisation's systems.
5.2	Has there been a review of how well the project was managed?	<ul style="list-style-type: none"> • evidence of formal review at project closure.
5.3	Are suppliers encouraged to learn from experience?	<ul style="list-style-type: none"> • incentives for suppliers to improve project delivery in place • commitment to long-term relationships with integrated project teams evident.

6. Readiness for the future – plans for future service provision

How to use this section	
Initial Gate 5: Benefits realisation	All the areas of investigation and evidence expected in this section may not be available at this review.
At the start of a medium to long-term contract for operational service Gate 5: Benefits realisation	All the areas of investigation and evidence expected in this section may not be available at this review.
Mid-stage Gate 5: Benefits realisation	All the areas of investigation and evidence expected in this section may not be available at this review.
Final Gate 5: Benefits realisation	<p>This is the key section for looking forward in relation to the service being provided. Are the plans for the future use of the asset post-contract clear? What preparatory work has been done to ensure the condition of the asset post contract?</p> <p>In a PPP for a facility (e.g. school, hospital) the life of the facility is generally longer than the contract and hence the plans for the future use of the asset as part of an overall service need to be clear.</p> <p>The closing down of the contract and all the preparatory work that goes with it in relation to the asset conditions is very important.</p>

Areas to probe		Evidence expected
6.1	Is there an ongoing need for the service?	<ul style="list-style-type: none"> • updated business case, linked to current business strategy.
6.2	If the service will be needed in the future, what is its likely scope?	<ul style="list-style-type: none"> • options appraisal to include some or all of the following: <ul style="list-style-type: none"> – do nothing – retain the scope of the existing contract – split the scope of the existing contract – broaden the scope of the existing contract – completely rethink the requirement for the contract – single or multiple sources of supply – combining new services with others providing similar or complementary services.

	Areas to probe	Evidence expected
6.3	<p>Are there any major issues with the current contract that could affect the approach to re-competition where relevant? Factors to consider include:</p> <ul style="list-style-type: none"> • range of services - could the provider cope with the range of services provided or were there significant weaknesses? • flexibility of contract - how adaptable was the relationship to both foreseen and unexpected changes in the nature and level of demand? • 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? • exit strategy - will the re-competition be straightforward or is there a danger the client is now locked in? Have agreements been made to ensure the handover is as smooth as possible? 	<ul style="list-style-type: none"> • updated risk register and issue log • exception reporting from regular client or provider progress meetings • reports from contract and service management functions • exit strategy and details of handover arrangements.

Project information required for Gate 5: Benefits realisation

The areas of investigation together with examples of evidence relevant to the areas of investigation should be available before the Gateway review commences.

The information is likely to be found in the documents suggested below, but may be located in other program or project documents or elsewhere in the agency's documentation system. These documents include:

- an updated business case that reflects actual operating conditions, base-lined against the business case in Gate 4: Readiness for service
- report on the findings from the post implementation review (or equivalent major post-project review)
- an assessment of the benefits delivered to date and expectations for the future
- a summary of contract changes, where applicable
- plans for contract improvement and service improvement
- customer surveys
- performance measurement systems or performance reports, e.g. key performance indicators
- resources, skills appraisals and personnel plans to continue managing the contract
- reports on stakeholder issues
- plans for disposal of any assets at the end of the contract (e.g. resources, buildings, staff, Intellectual Property Rights)
- information showing how client and provider manage the relationship and engage with each other.

Further information

The following documents have been developed to provide further information on the Gateway review process:

- Gateway review process overview
- Gateway review guidebook for project owners and review teams
- Gate 0: Strategic assessment
- Gate 1: Preliminary evaluation
- Gate 2: Business case
- Gate 3: Contract award
- Gate 4: Readiness for service
- Gate 5: Benefits realisation

Further information is available on the Queensland Treasury website: <https://www.treasury.qld.gov.au/programs-and-policies/project-assessment-framework/gateway-reviews>

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