

Department of Treasury and Finance

# Investment Lifecycle and High Value/High Risk Guidelines

**REALISE**

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# 1. Introduction

*Learning from the journey and celebrating the achievements*

## 1.1 Purpose of this stage

This guideline addresses *Stage 5: Realise* of the investment lifecycle. Realising the benefits of an investment is the important final stage of an investment’s lifecycle. The realise stage allows departments to evaluate the extent to which the planned benefits have been delivered and where necessary highlights actions that need to be taken to achieve maximum benefit realisation. It also provides an opportunity to assess how well a project has been planned, procured and implemented.

This stage involves conducting a post-implementation review, sometimes called the ‘investment evaluation’ phase of the investment lifecycle. It is applicable to any completed investment. Equally important at this stage is to reflect, document and communicate the lessons learned so that future planning and design of similar investments can be informed.

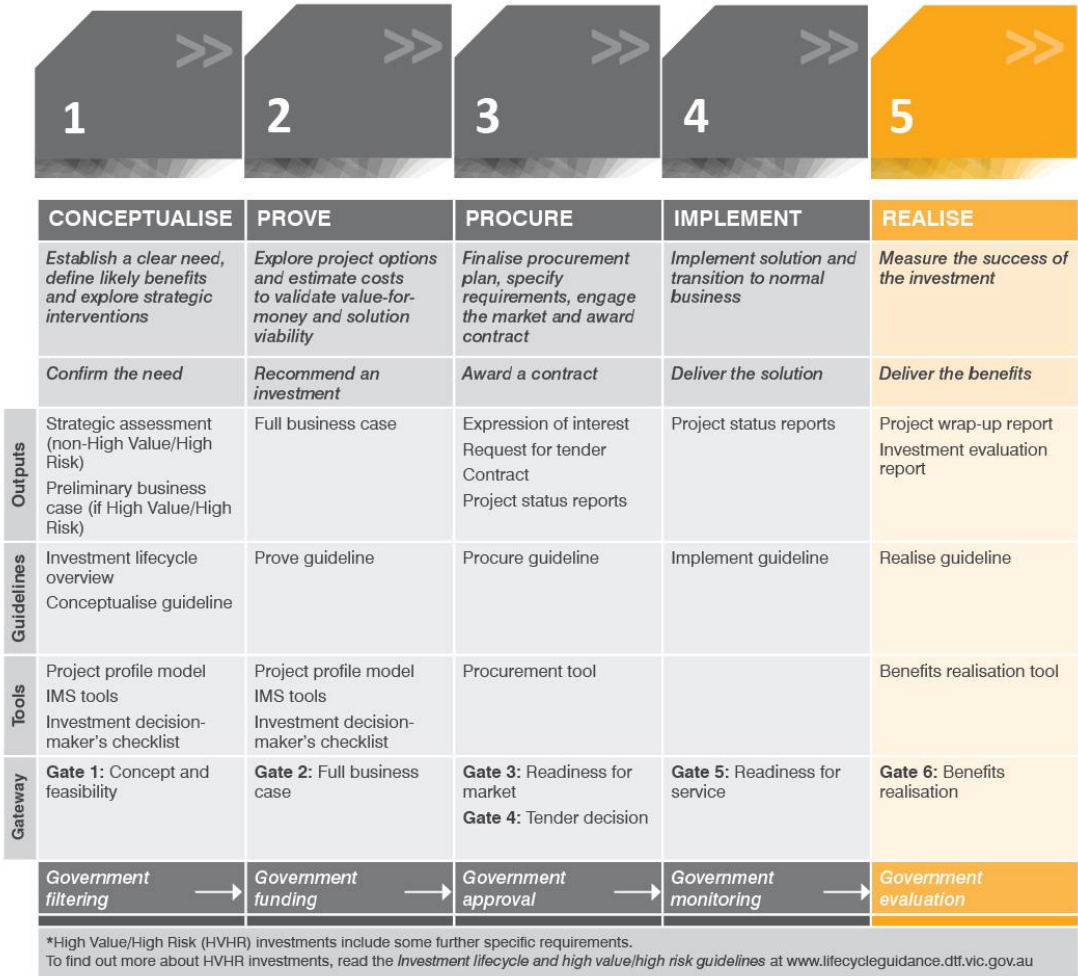


Figure 1 The Investment Lifecycle is set out in five key stages. This guideline outlines the fifth stage ‘Realise’

## 1.2 How to use this guideline

This guideline gives an overview of the evaluation required at the post-implementation phase of the investment lifecycle. The scope and nature of the evaluation depend on the type of project. However, each evaluation will have certain elements in common. This guideline sets out these generic requirements.

Evaluations during this phase have broader objectives than some other project reviews – such as post-occupancy reviews (that assess whether the requirements of a construction contract have been met) and benefit realisation reviews (that assess whether the level of benefits outlined in the business case are being delivered). However, if the timing is appropriate, the evaluation should incorporate these types of reviews.

Post-implementation reviews can involve either a one-off project evaluation or ongoing monitoring and assessment after *Stage 4: Implement* (i.e. post construction and commissioning).

An important outcome of investment evaluation is to make the fullest use of the experience gained. It is important for the review to identify successful project elements, aspects to be remedied and ways of improving the management of future projects (or the next stages, if it is a multi-stage project).

This guideline is not a compliance process document. Rather, its purpose is to provide agencies with guidance on useful processes that will help them frame their thinking as they evaluate investments. The intention of the guideline is to drive a consistent approach to investment evaluation across government. The effort needed to undertake this exercise will depend on the scale and complexity of the investment.

The guideline is not comprehensive. It should complement agency processes and tools. Agencies are encouraged to prepare more specific guidelines where needed.

*Note:* The terms *evaluation* and *review* are used interchangeably in this guideline.

Evaluation conveys the concept of assessing the worth of the investment and its outcomes, while review implies looking retrospectively over the investment process to derive findings and lessons. The post-implementation review process requires both aspects.

### 1.3 Purpose of investment evaluation

#### **Key principles of the post-implementation review and evaluation**

An independent review – against the original business case – of the achievement of objectives, outcomes and outputs, and the performance regarding time, budget and benefits realisation.

Organisational learning to inform and improve future investment or project planning and management.

A checkpoint to decide whether and how to proceed with a multi-stage project.

The purpose of an evaluation is to find out:

- whether the expected benefits of the investment have been realised; and
- what lessons can be learned from the project for both the current and future projects, such as:
  - successful elements to reinforce in future processes;
  - aspects of the current project requiring remedy; or
  - ways of improving the management of future projects.
- the sharing of these lessons is essential for effective organisational learning about investment development and project planning, procurement, implementation and ongoing management.

#### **Strengthening local communities (Example)**

##### ***Executive Summary***

In 2007 the Department of Planning and Community Development (DPCD) established a project to better plan and integrate education and community infrastructure and services in two new developments in Melbourne's 'growth areas' – Caroline Springs and Laurimar. The project used a partnership approach – with the developer (Delfin Lend Lease), councils, state government and other community organisations working in collaboration – to plan and deliver shared community facilities. The project commenced in October 2007 and was complete in November 2009. This report summarises findings from the evaluation of the project. It examines the infrastructure delivered and the benefits of working in partnership. The report shows that the partnerships have overseen the delivery of \$38.7M in infrastructure. While most would have been delivered anyway, the partnership approach has generated significant cost savings and efficiencies, and in some instances more facilities have been delivered for the same cost. Partners report it is a better way of working, and the improved services and high levels of participation that have resulted indicate that the partnerships are building stronger communities.

**Source: Evaluation report 'Strengthening local communities' Department of Planning and Community Development**

## 1.4 Realising investment benefits

The reason why an organisation chooses to commit resources to an investment is to address a need or opportunity and ultimately realise some benefits. By having delivered a successful project we have not necessarily delivered a successful investment. It is therefore critical when evaluating the overall success of an investment to demonstrate whether the expected benefits were delivered. If we are unable to demonstrate proof then how can we objectively say that we have delivered a successful investment?

The key is to develop a framework at the very start which will allow organisations to track, report, validate and evaluate the delivery of the expected benefits. Although some organisations attempt to monitor the delivery of benefits most struggle with this undertaking due to a lack of clarity on benefits and baseline data against which to measure change.

### **Strengthening local communities (Example)**

#### **Realising the benefits**

New communities in the growth areas have needs for services and infrastructure. The Department has been examining whether partnerships between developers, councils, State government and community organisations developing shared use facilities could deliver better infrastructure. Shared use facilities include: the community using school facilities for meetings, recreation activities, or programs; schools using community facilities for library services, performing arts, or sports; government and non-government schools sharing facilities; or services being co-located such as early years services being co-located on primary school sites.

The Schools and Community Partnerships project builds on the earlier work of the Caroline Springs Partnership between the Shire of Melton, Delfin Lend Lease and the State government that successfully delivered a range of joint use community infrastructure including education infrastructure, shared libraries and sport and recreation facilities as described in the section Evaluation findings (DPCD 2007). The evaluation of the Caroline Springs Partnership reported it created:

more efficient planning processes, particularly because communication reduced the duplication of effort, and maximised the knowledge of opportunities;

greater transparency in decision-making with everyone understanding the rationale for decisions; and

greater ownership of the planning processes and its outcomes (DPCD 2007).

There was an increase in community satisfaction in services and infrastructure at the completion of the partnership's work (DPCD 2007), and as will be shown later in this report, participation rates are high. A recent Victorian Competition and Efficiency Commission (VCEC) inquiry (2009) into shared government and community facilities concluded shared facilities have significant benefits for new developments in growth areas. The benefits cited were also reported in the Department of Education and Early Childhood Development's guide to good governance for shared facilities (DEECD 2007). These were:

enhanced service delivery and quality of services for individuals and communities through improved and more fit for purpose facilities;

more community involvement and more socially connected communities;

increased access and participation by individuals in a broader range of activities; and

better use of government and community resources.

The VCEC inquiry nominated the work of the Caroline Springs Partnership as an example of good practice in shared facility delivery (VCEC 2009).

**Source: Evaluation report 'Strengthening local communities' Department of Planning and Community Development**

### 1.5 Use of the Investment Management Standard (IMS) during this stage

This guideline is consistent with edition 5 of the Victorian Government's Investment Management Standard (IMS), which is a set of tools and practices that will assist you as you move through the initial examination of an identified problem or business need.

Although currently there are strong project evaluation practices which focus on providing an insight into how well a project has been implemented according to the original specification (time, cost and scope of the projects or programs), historically departments have struggled to do the same when evaluating the delivery of expected *investment* benefits.

The use of IMS practices and tools can help address this gap. IMS attempts to drive a greater focus on evaluating the extent to which the original investment benefits have been delivered as opposed to how well the project has been implemented according to the original specifications.

The use of the IMS provides organisation with a simple and easy way to evaluate how well the expected benefits have been delivered. To apply the IMS at *Stage 5: Realise* agencies must have undertaken the IMS practices i.e. completed an:

- Investment logic map
- Benefit management plan
- Investment concept brief; and
- Benefits reporting spreadsheet

These documents will have been developed at *Stage 1: Conceptualise*, validated in the business case and kept current through periodic 'investment reviews' during the investment's implementation. At post-implementation, benefits reporting and tracking using the benefits reporting spreadsheet should have taken place.

The IMS applies the following key questions to information set out in the IMS products to evaluate how well the expected benefits have been delivered:

1. Did the investment satisfactorily address the 'problem/need' upon which it was founded?
2. To what degree did the investment deliver the expected benefits? And how valuable are the delivered benefits to the organisation?
3. Did the investment deliver other benefits or dis-benefits not recognised at the planning stage?
4. Was the selected strategic response an effective way to address the need?
5. What lessons should be recorded to inform future decision making and investment design?
6. How will these lessons be communicated and used?

#### 1.5.1 What is the outcome of this assessment?

At the end of the exercise an organisation should have a clear understanding of the effectiveness of an individual investment or program. The assessment of effectiveness is based on answering the questions listed above. Learning from this assessment can then be used to form a part of a broader evaluation.





Figure 2.2.2: Realising expected benefits using IMS practices and tools

1.5.2 How do you get started?

Organisations wanting to use IMS as part of their evaluation method should become familiar with the following practices on the IMS website:

- Individual investments – ‘Monitor and measure the delivery of benefits’
- Programs – ‘Evaluate a program of investments’

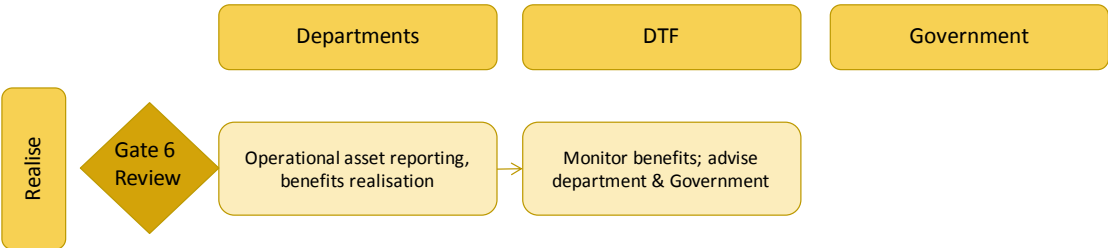
Further guidance on these practices can be found at [www.dtf.vic.gov.au/investmentmanagement](http://www.dtf.vic.gov.au/investmentmanagement)

1.6 HVHR and Gateway review requirements

High value/high risk (HVHR) asset investments (have a TEI over \$100m and/or are high risk or are nominated by government) require greater scrutiny and support by the Government. HVHR projects are subject to enhanced rigour in investment development, Treasurer’s approval at key stages in the project lifecycle, and increased oversight to help ensure projects are delivered on time and on budget, with the agreed benefits.

For HVHR Projects, Gateway reviews are mandatory. Therefore, in *Stage 5: Realise*, a Gate 6 Benefits Realisation review must be conducted. Gate 6 reviews typically occur 12-18 months after project completion and examine whether the benefits as defined in the business case are being delivered.

More information about the HVHR Investment Framework can be found [on the DTF website](#).



## Appendix A: Background information

Figure 2.5: Responsibilities under HVHR framework at Stage 5: Realise

### 1.7 ICT project requirements

For ICT projects, it is expected that a staged approach to project delivery will be taken, as outlined in the ICT technical guideline. Under a staged approach, DTF expects that the investment business plan will be revisited and updated at the end of each stage, including during the delivery of the project. This updated business case will form the basis for consideration and approval to proceed to the next stage. Therefore, when it comes monitoring the benefits realised in *Stage 5: Realise*, the benefits to be considered should be drawn from the most recent investment business plan.

### 1.8 When should an investment be evaluated?

Generally, an evaluation should be conducted after enough time has elapsed to show the benefits of the new investment and its success in achieving service strategy requirements. This is usually around 12 months after the project is completed and the service has started, unless more time is needed for a reliable assessment. Ideally, the evaluation should start while key members of the project team are still available.

Where a project involves multiple stages or progressive achievement of benefits, evaluations may need to be repeated with an appropriately amended scope. For multi-stage projects, reviews should be carried out after each stage to inform the next.

If the evaluation is held later, it should be planned and scheduled so that the responsible agency does not inadvertently forget to do it.

Building projects should be evaluated after any post-occupancy review (especially related to a defects period).

### 1.9 Who should carry out the evaluation?

An independent, multi-disciplinary team should be established to undertake the evaluation. Usually the team would be small, but this would depend on the size and complexity of the evaluation and the investment itself. The team should have the capacity to identify and advise on technical and other issues to be reviewed. The independence of the review team is critical for objective identification and reporting of lessons learnt from the project so that future projects can improve on performance.

Independence in this context means independent of the functional area not necessarily independent of the organisation although this may be appropriate in some instances.

## 2. The evaluation process

It is important to clearly define and agree the terms of reference for the evaluation. This includes the purpose(s) for doing the evaluation, the scope, the output and timeline.

Evaluations can be carried out for a range of reasons:

- to report achievements, investment outcomes and impacts;
- to satisfy accountability requirements;
- to contribute to evidence about what strategies, processes and systems work;
- to inform strategic planning;
- to identify reasons for further investment; and
- to improve project delivery (later stages or future projects).

A range of issues may need to be addressed, but it is important to define and agree this at the outset. This will shape the methodology and cost of the process. Thought should also be given to potential evaluation stakeholders and to matching the output of the evaluation to the purpose and audience. Ministers may want to give press releases, departments may require summary outcomes for accountability purposes. Figure 3.1 shows the key elements of a project evaluation.

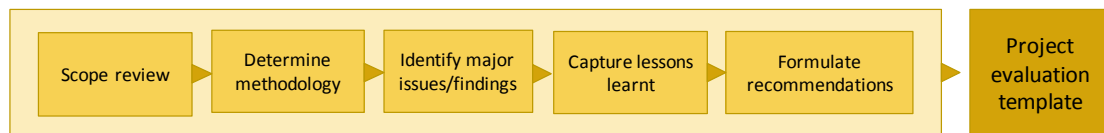


Figure 3.1 shows the key elements of a project evaluation.

Source: Department of Community Planning and Development, Evaluation Step-by-Step Guide

### 2.1 Scope and scale

Defining the purpose of the review establishes the scope – what is to be included and what is not.

The objectives of the investment will also drive the scope, which will vary according to the investment’s size and complexity. It may also be affected by any significant stakeholder concerns raised over the project to date.

The scale and scope of the review will depend on whether the investment is providing a service, economic infrastructure or includes a long-term service contract, such as *Partnerships Victoria* projects. The checklist of issues in Appendix B can be used to help define the scope.

A project evaluation may incorporate or take account of other post-implementation reviews, including:

- Value management studies: these review progress, including assessing the estimated costs and benefits in the business case;
- Benefits realisation reviews: these assess whether forecast cost savings, efficiencies and other benefits are being realised, particularly regarding information and communications technology (ICT) projects;
- Post-occupancy reviews: these allow contract payments or securities to be finalised; and
- Environmental or sustainability assessments: these can feed into agencies’ triple bottom line reporting.

### **Strengthening local communities (Example)**

#### ***Scope and scale***

In 2007 the Department of Planning and Community Development (DPCD) established a project to better plan and integrate education and community infrastructure and services in two new developments in Melbourne's 'growth areas' – Caroline Springs and Laurimar. The project used a partnership approach – with the developer (Delfin Lend Lease), councils, state government and other community organisations working in collaboration – to plan and deliver shared community facilities. The project commenced in October 2007 and was complete in November 2009. This report summarises findings from the evaluation of the project. It examines the infrastructure delivered and the benefits of working in partnership. The report shows that the partnerships have overseen the delivery of \$38.7M in infrastructure. While most would have been delivered anyway, the partnership approach has generated significant cost savings and efficiencies, and in some instances more facilities have been delivered for the same cost. Partners report it is a better way of working, and the improved services and high levels of participation that have resulted indicate that the partnerships are building stronger communities.

The evaluation of the Alliances is based on:

An 'achievement audit' about what was delivered;

An assessment of how the partnership worked as a governing entity using a partnership evaluation tool (Pope & Lewis 2008b);

Participation data from the new services/infrastructure; and

Interviews with community leaders about impacts and outcomes.

**Source: Evaluation report 'Strengthening local communities' Department of Planning and Community Development**

## 2.2 Determine the methodology

The methodology provides the framework for performing the evaluation. A generic approach to setting the methodology is set out below. Tailored for the type of investment, the approach should take into account the types of analysis required – economic, social, environmental or budgetary.

The methodology should:

- specify the evaluation objectives;
- identify the key stakeholders;
- develop an indicative list of issues to be assessed with those stakeholders;
- determine the information to be gathered and its sources;
- identify any specialist technical or industry-specific expertise required; and
- determine the approach to gathering information.

The specification of objectives should include measures of the success of an investment using well defined criteria. The criteria established in the business case will help determine whether the investment is progressing according to expectations. Such criteria should link to the initial indicators – identifying the need which prompted the investment.

These criteria include:

- the degree to which *investment* benefits have been achieved;
- the delivery of the outputs or services specified;
- unanticipated benefits and dis-benefits;
- success of skill transfer and development;
- net impact on output metrics: cost, quality, quantity, time;
- whether the project met the projected budget and timelines; and

- the adherence to documented plans and standards.

It is generally necessary to discuss the methodology for the evaluation with key project stakeholders. They can provide an understanding of the history, background and sensitivities of the project and explain their expectations. Also relevant project material should be reviewed, including the type of information set out in Appendix A.

As well as reviewing existing data and reports, the methodology may include some commonly used information collection techniques such as:

- questionnaires and surveys, including email communication and web-based instruments;
- semi-structured interviews based on a list of issues developed for each type of stakeholder;
- observations; and
- focus groups and workshops.

The proposed information gathering process should be documented and reviewed (and tested and refined for major programs) before it is implemented to make sure that it is comprehensive and that it takes account of stakeholder sensitivities.

## Appendix A: Background information

### **Strengthening local communities (Example)**

#### ***Evaluation Methods***

#### **An “achievement audit” about what was delivered;**

All programs should have some way of regularly documenting their achievements and these tools can be developed in-house. Achievement audits are used regularly to document what you have delivered including infrastructure, services, policy changes, participants, etc.

Reviewing your achievements highlights significant events and allows you to trigger specific research to assess issues that arise. For instance, when the Aboriginal Policy and Planning Unit in Shepparton realised how many Indigenous people they had trained over a year, a survey was developed to examine the opportunities that training had created for those participants.

#### **An assessment of how the partnership worked as a governing entity using a partnership evaluation tool (Pope & Lewis 2008b);**

The approach involves interviewing your partners to gather information about achievements (what was delivered), the value-add of the partnership and what has helped and hindered its work (lessons). It will also allow you to map the partnership’s network in order to examine the relationships that underpin it.

The network approach can detect the key characteristics of successful partnerships including whether it has:

- 1) Good facilitation and relationship building;
- 2) The right decision-makers at the table with a commitment to contribute;
- 3) A clear purpose;
- 4) Good process (governance); and
- 5) Ways to ensure motivation stays high.

In addition, the approach demonstrates how the partnership fits into the broader policy environment, highlighting the quality of existing linkages, and pin-pointing weak points in the network. This allows for an assessment of the sustainability of the partnership and provides a plan for further relationship building.

#### **Interviews with community leaders about impact and outcomes. Participation data from the new services/infrastructure;**

In most cases the overall purpose of evaluation is to test whether the program has met its objectives (i.e. increased participation, improved planning, etc). To do this start by writing down the:

Program Objectives – that your program is aiming to achieve.

Questions - What questions do you need to ask to determine that your objectives have been met?

Information Required - What information do you require to answer each of these questions?

Data Source - How will you collect this information?

**Source: “Evaluation Step-by-Step Guide” and “A Guide to Evaluating Your Partnership**

**Using a Network Mapping Approach” Department of Planning and Community Development**

## 2.3 Identify major issues and findings

Many of the qualitative issues will become evident during the information gathering process. Quantitative issues will generally be identified by analysing financial and performance data and comparing it with the business case projections, including any best, most likely and worst case scenarios.

Analysing qualitative and quantitative information can suggest further issues and will help in developing draft findings.

A workshop to review the draft results is an opportunity to test their reasonableness. It can also indicate if further information or analysis is required to make valid findings.

## 2.4 Capture lessons learned

To meet its objectives, the evaluation should clearly assess:

- what worked well; and
- what can be improved.

The lessons to be learned could include, for example, a discussion of:

- how practical problems were overcome in planning, implementing and managing the project;
- unexpected benefits that emerged; and
- experiences of project staff that provide useful insights for future projects.

The list of issues in Appendix C can help pinpoint where lessons can be learned for each stage of the project.

## Appendix A: Background information

### **Strengthening local communities (Example)**

#### ***Lessons Learned***

A much larger study of the characteristics of effective partnerships undertaken across ten major partnership initiatives in the then DVC (including the Caroline Springs Partnership) described five success factors (Pope & Lewis 2008a). These were also described in the international literature (as reviewed in Pope & Lewis 2008a). Here we will focus on the three major ones:

#### **A good broker to build relationships**

A good broker/facilitator has been the main factor reported as underpinning effective partnerships. When partners first come together they do not necessarily see themselves as interdependent and to do this takes trust in, and an understanding of, each other. The success of a partnership is therefore dependent on the relationship building that allows people to learn about each other and re-cast any stereotypical views they hold. All partners in the schools and community infrastructure partnerships reported the broker was a primary reason for their success. They reported he was the driver that kept the focus, pulled the work together and kept it on track. He knew who to approach to progress work and to find opportunities. Partners reported the broker was friendly, open, trusted and professional.

#### **The right decision-makers at the table with a commitment to contribute**

The second factor found to underpin effective partnerships is having the right decision makers at the table with a commitment to contribute. All partners reported this as important for their partnership. They particularly mentioned the importance of having people at the table that were senior enough to make decisions and expert enough to assist effective decision-making. Partners reported the people involved were respectful, passionate and trusted.

#### **A clear purpose**

The third factor for effective partnerships is having a clear purpose and objectives that focuses and clarifies roles and responsibilities so everyone is clear about what is expected of them. This is particularly important in partnerships that involve a range of voices negotiating who should provide resources. This factor was raised by most partners in the interviews and the importance of determining the parameters of the work so the partnership does not get involved in everything – losing effectiveness – was particularly noted. As was the need to ensure every party has a tangible deliverable to maintain their focus and commitment.

**Source: Evaluation report ‘Strengthening local communities’ Department of Planning and Community Development**

## 2.5 Recommendations

The findings and corresponding action items should be set down as recommendations, including:

- learnings for future project planning and management processes; and
- project-specific actions for ongoing operation (and if appropriate, future stage developments).

The set of recommendations should be supported by an action plan setting out responsibilities and timelines.



## 2.6 Project evaluation template

The deliverable from the project evaluation phase is a completed project evaluation report (see template) that should provide:

- an overall assessment of the project;
- well-supported findings and identified learnings; and
- a list of practical recommendations.

The suggested investment evaluation report template is set out in Appendix D. The outlined content includes:

- executive summary;
- project background;
- evaluation scope and methodology;
- findings:
  - Evaluation assessment
  - Risk management
  - Future implications;
- conclusions and options;
- recommendations and action plan; and
- appendices, with key documents or other reports referenced.
  - The level of detail in the report will vary depending on the complexity and scale of the particular project. However, the report should show that each of the heading outlined in the evaluation report template have been considered.
  - The executive summary is a particularly important part of the evaluation report. It must contain a clear, concise, plain-English outline of the evaluation, linking it to the evolved project business case.
  - Specific uses for the evaluation outcomes could be to:
    - inform corporate governance of the outcome of the investment
    - inform stakeholders (Ministers, executives, public, etc.)
    - aid in the development of media releases;
    - drive accountability by informing the development of annual reports to government
    - provide a benchmark to inform future investment proposals
    - inform subsequent stages of a multi stage investment and;
    - explain options to enhance benefit delivery from this investment.

## Appendix A: Background information

In developing and implementing the methodology, the following background material should be reviewed:

- the approved business case (updated as necessary);
- feasibility studies;
- value management reports;
- the project budget;
- the investment business plan or project implementation plan;
- cost plans and activity and cost outcome data;
- contract documentation;
- the contract/performance management plan;
- risk registers; and
- the issues log and progress reports.

In addition, the following records should be reviewed where they are relevant:

- a summary of contract changes since any previous project evaluations or Gateway Reviews;
- plans for contract and service improvement;
- management and other appraisals regarding the continuation of existing management contracts;
- reports on stakeholders' issues for example, complaint registers;
- plans for disposal of assets at the end of the project;
- risk management assessments and reports;
- health and safety reports and files; and
- for ICT-enabled projects, security documents (e.g. Accreditation Document Set).

## Appendix B: Specific issues

This checklist of issues can be used to help define the scope, lessons learned and other evaluation issues.

### ***Evaluating against the business case***

- assess whether the business case assumptions were realistic and remain valid;
- assess whether the anticipated benefits (including outputs and outcomes) are actually being delivered;
- compare operating costs and revenue streams against expected levels;
- evaluate how well the needs and expectations of end-users are being met, including any changes in the type or expected level of their needs;
- review whether and how well the requirements of other key stakeholders have been met, including those of local governments and community groups;
- assess whether any productivity target for the service has been achieved or is likely to be achieved;
- compare the level of maintenance required with that expected;
- compare the actual whole-of-life costs with the budget estimate set in the business case.
- assess the ongoing need for the service;
- if the service is required into the future, assess its likely scope; and
- assess measures for ongoing performance assessment:
  - ongoing service delivery;
  - programs of change or improvement;
  - contract impacts and specified milestones.

### ***Evaluating the procurement stage***

- assess the adequacy of funding arrangements, including for refurbishment, replacement, renewal and maintenance;
- review the use and validity of modelling (particularly for capturing end-user input early in the project lifecycle);
- review the procurement strategy adopted. Has it provided the best value-for-money option for the State in delivering the infrastructure and service outputs?
- identify improvements that might be made to existing procurement processes (including tendering, short-listing, selection and probity processes) as a result of this project;
- assess the benefits from value management and value engineering;
- review whether maintenance has been programmed.

### ***Evaluating the construction/implementation stage***

- assess working relationships during construction and/or implementation;
- identify particular aspects where the contractor or facility manager was able to be innovative;
- consider how standard components have been adopted into the facility and how much of the project was pre-assembled before delivery to site;
- assess the use of tools such as three-dimensional modelling;
- review the contribution made by any change management consultants or industrial psychologists; and
- assess the adequacy of the health and safety reporting system during site preparation and construction.

## Appendix B: Specific issues

### ***Evaluating the post-implementation phase***

- assess the delivery of expected benefits
- assess the adequacy of project documentation and training material and whether skills transfer has occurred;
- confirm that the client has the resources to manage the contract successfully;
- confirm the continuity of key personnel involved in contract management, including in the role of the ‘intelligent customer’;
- consider the need for continued or extended contract management;
- evaluate the adequacy of risk management plans and the success of strategies to manage risks;
- evaluate the adequacy of knowledge transfer and change management
- evaluate the success of the process re-engineering approach
- how effective has the actual training been
- evaluate how well the transition between the different investment stages been managed and implemented (planning to business case development, procurement to implementation and post implementation).
- assess the adequacy of change management and stakeholder communication strategies;
- assess how well the design has facilitated effective cleaning and maintenance;
- assess how well the design has facilitated sustainability objectives;
- consider how well the facility assists the core business of the organisation;
- determine the flexibility to allow for changes in user needs over time;
- assess how the design contributes to the environment around the facility and to the internal environment for the occupants; and
- review the health and safety performance during occupation
- identifying deficiencies to be remedied in order to achieve expected benefits.

### ***Evaluating the contract***

- review the performance-based specification;
- assess the performance measures and ensure coverage of all aspects of the contract;
- review the effectiveness of contract incentives and pain/gain share arrangements;
- determine whether the selected performance measures offer clear and demonstrable evidence of the success (or otherwise) of the contract;
- where changes have been agreed in the contract arrangements, check that they do not compromise the original outcomes sought;
- assess whether the dispute resolution processes have been effective and whether alternate mechanisms should be considered in future;
- confirm that there are plans to manage any contracts to their conclusion;
- evaluate whether the contract management processes been benchmarked by comparing them with other organisations involved in similar relationships;
- does the arrangement facilitate fair competition on the re-tendering of the contract?;
- if an exit strategy is needed – do the contract arrangements allow for the transition to be as smooth as possible?; and
- has there been a review of how well the contracts were or are being managed?

### ***Evaluating contractor performance***

- determine whether the prime contractor has fully provided the contract deliverables within the timelines required;
- if circumstances have changed, are the service delivery arrangements adapted to the new situation and reflected as required in contract documents? (Changing circumstances could affect management of partners, stakeholder relationships, services, change processes, contracts, benefits and performance monitoring.);
- determine the scope for improved value for money including:
  - Can more be done with less?

- Could the provider deliver better service quality at the same price?
- If ongoing contract management is required:
  - Review the adequacy of client and supplier resources for the task.
  - Investigate whether there are well defined, implemented and effective processes for embedding improvements based on lessons learnt from the project?
  - Have contractors participated in the learning process?

# Appendix C: Project evaluation template

The deliverable from the project evaluation phase is a project evaluation template that should provide:

- an overall assessment of the project;
- well-supported findings and identified learnings; and
- a list of practical recommendations.

The suggested content of the evaluation report is set out below. The level of detail in the report will vary depending on the complexity and scale of the particular project. However, the report should show that each of the issues has been considered.

The executive summary is a particularly important part of the evaluation report. The executive summary must contain a clear, concise, plain-English outline of the evaluation, linking to the evolved project business case.

<b>Project evaluation template</b>
<b>1 Executive Summary</b>
Overall assessment
Lessons learned
List of recommendations and actions
<b>2 Project background</b>
Origin of project (context from Stage 1, Investment Logic Map)
Project problem, goals and objectives (including Benefit Management Plan and associated KPIs)
Project summary: timing, budget and status
<b>3 Evaluation scope and methodology</b>
Evaluation objectives and focus
Evaluation criteria/key questions
Scope, terms of reference and timing
Evaluation team and resources
Methodology and design parameters – data collection and analysis methods, data sources

#### 4 Findings

Evaluation assessment

Benefits realised against the business case (Investment Management documents and evaluation report)

Costs incurred against projections

To what extent the planned schedule was followed and if variance was experienced what were the contributing factors

Schedule validation and contributing factors

Alignment with business objectives

Stakeholder satisfaction

Contract management performance

Unexpected findings

Risk management

Technical risks

Business risks

Future implications

Deficiencies requiring remedy

Lessons learned

Limitations of evaluation

#### 5 Conclusions and options

Overall judgement on the worth of the project

Discussion of key findings and their validity and reliability

Options for future change and improvement

#### 6 Recommendations and Action Plan

List of recommendations

Action plan

#### 7 Appendices

Key documents or other reports referenced

Schedule of interviews or workshops, surveys undertaken and other information gathering techniques used

Statistical data

Technical reports

## Appendix D: Gate 6 requirements

The Gateway Review Process is part of the project management framework for Victorian Government agencies. It offers project executives an opportunity to have their project assessed critically but constructively at key decision points in the project development lifecycle, before the project proceeds to the next stage.

Although only HVHR projects are required to undergo Gateway reviews, many projects may benefit from undertaking a similar peer or expert review (scaled as appropriate to the project). This can enhance progress through to implementation outcomes.

### **Gateway Review Gate 6: Benefits Evaluation**

Gate 6: Benefits Evaluation confirms that the benefits set out in the business case are being achieved and that the operational service, product (or facility) is running smoothly.

The aims of the review include, but are not limited to:

- confirmation that the business case for the project (at Gate 4) was realistic;
- confirmation that there is still a business need for the investment;
- confirmation that the benefits anticipated to be achieved at this stage are actually being delivered;
- ongoing continuous improvement mechanisms to improve value for money;
- ongoing requirements to meet the business need;
- checking that changes made do not compromise the original delivery strategy;
- confirming that there are plans to manage operational contracts through to completion;
- assessing lessons learned and methodology for sharing information with Government.

Documentation reviewed during Gate 6 includes:

- an updated business case that reflects actual operating conditions, baselined against the business case in Gate 5;
- a report on the findings from any post-implementation review;
- an assessment of the benefits delivered to date and expectations for the future;
- a summary of contract changes since Gate 5;
- plans for contract improvement;
- performance reviews, key performance indicators (KPIs) and performance measurement systems;
- resources, skills appraisals and personnel plans to continue managing the contract;
- plans for disposal of any assets;
- customer surveys and reports on stakeholder issues;
- for construction projects, an updated occupational health and safety file;
- for IT-enabled projects, security documentation; and
- a benefits management plan.

Further information on the Gateway Review Process can be found at

[www.gatewayreview.dtf.vic.gov.au](http://www.gatewayreview.dtf.vic.gov.au).



