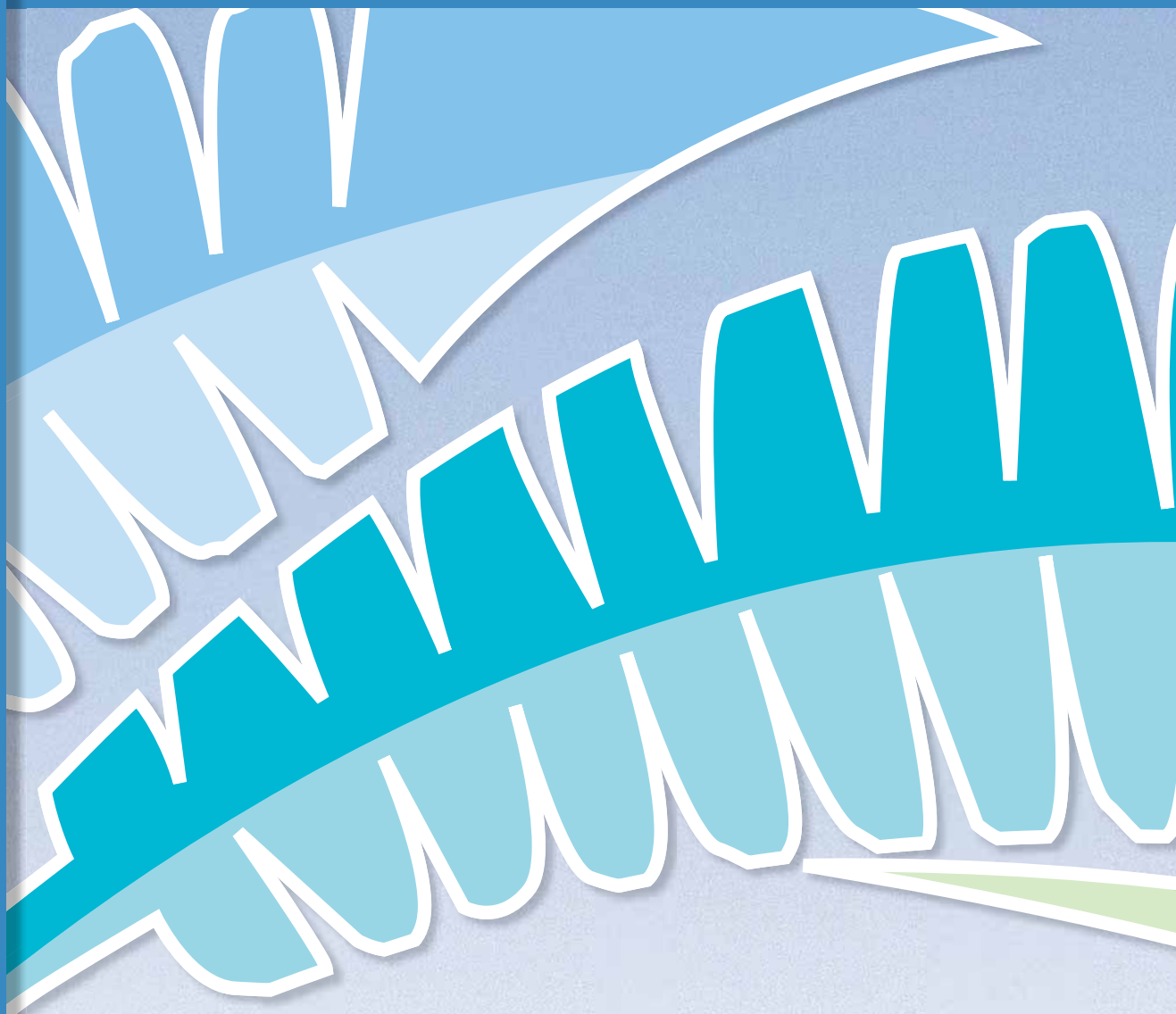
STATE SERVICES COMMISSION
Te Komihana O Ngā Tari Kāwanatanga

Gateway Review Process
Best Practice - **Gateway to success**

Review 5
Operational Review & Benefits Realisation

Revised – April 2011



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Introduction to the Gateway Process

Why getting programmes and projects right matters

Programmes and projects provide an important vehicle for the efficient and timely delivery of government aims. Procurement expenditure through programmes and projects is a significant and increasing proportion of total government expenditure. Good and effective management and control of programmes and projects is therefore essential to the successful delivery of government objectives. The Gateway Process is designed to provide independent guidance to Senior Responsible Owners (SROs), and indirectly to programme and project teams, on how best to ensure that their programmes and projects are successful.

The Gateway Process

The Gateway Review Process examines programmes and projects at key decision points in their lifecycle. It looks ahead to provide assurance that they can progress successfully to the next stage; the Process is recognised as best practice by New Zealand government. Gateway Reviews are applicable to a wide range of programmes and projects, including:

- policy development and implementation
- organisational change and other change initiatives
- acquisition programmes and projects
- property/construction developments
- IT-enabled business change
- procurements using or establishing framework arrangements.

The principles and process in this workbook can also be applied to management of other areas of expenditure in the organisation. The process is mandatory for qualifying procurement, IT-enabled, and construction programmes and projects.

Value of the Gateway Process

Gateway Reviews deliver a 'peer review' in which independent practitioners from outside the programme/project use their experience and expertise to examine the progress and likelihood of successful delivery of the programme or project. They are used to provide a valuable additional perspective on the issues facing the internal team, and an external challenge to the robustness of plans and processes.

The Gateway Review Process provides support to SROs in the discharge of their responsibilities to achieve their business aims, by helping the SRO to ensure:

- the best available skills and experience are deployed on the programme or project
- all the stakeholders covered by the programme/project fully understand the programme/project status and the issues involved

- there is assurance that the programme/project can progress to the next stage of development or implementation and that any procurement is well managed to provide value for money on a whole-of-life basis
- achievement of more realistic time and cost targets for programmes and projects
- improvement of knowledge and skills among government staff through participation in Reviews
- provision of advice and guidance to programme and project teams by fellow practitioners.

Differences between Programmes and Projects

Programmes are about managing change with a strategic vision and a routemap of how to get there. They are able to deal with uncertainty about achieving the desired outcomes.

A programme approach should be flexible and capable of accommodating changing circumstances such as opportunities or risks materialising. It co-ordinates delivery of the range of work (including projects) needed to achieve outcomes, and benefits, throughout the life of the programme.

A project has definite start and finish dates, a clearly defined output, a well defined development path, and a defined set of financial and other resources allocated to it; benefits are achieved after the project has finished and the project plans should include activities to plan, measure and assess the benefits achieved by the project.

Programme Reviews are carried out under Gateway Review 0: Strategic assessment. A programme will generally undergo three or more Gateway Reviews 0: an early Review, one or more Reviews at key decision points during the programme, and a final Review at the conclusion of the programme.

Project Reviews are carried out under Gateway Reviews 0 to 5; typically a project will undergo all six of these Reviews during its lifecycle – four before commitment to invest, and two looking at service implementation and confirmation of the operational benefits. Project Reviews may be repeated as necessary depending on the size, scope and complexity of the project. A Review of a project must take into account the programme context within which the project is located, and possible inter-dependencies with other projects in the programme. The review will also indicate how far procurements align with strategic and policy objectives.

Each of these Reviews is described in the appropriate Gateway Review Workbook.

Gateway Reviews as part of the assurance framework

Every Agency will have its own structures and resources for carrying out internal reviews, healthchecks and audits of its activities, including programmes and projects. The Gateway Review Process provides a snapshot view of progress at a point in time and therefore should be seen as complementary to these internal processes and not a replacement for them.

Organisations should have in place an effective framework to provide a suitable level of assurance for their portfolio of programmes and projects. This requires management to map their assurance needs and identify the potential sources for providing them. Agencies are encouraged to ensure adequate and timely co-ordination and sharing of information, including plans, between the various internal review functions.

In addition, SROs should be aware of the extent and limitations of the various review processes. For example, the fact that a Gateway Review has taken place does not replace the need for a full audit opinion on the effectiveness of risk management, control and governance in the audited area.

Further, none of these review processes is a substitute for a rigorous governance framework in the organisation to manage key processes, including business planning, investment appraisal and business case management (including benefits management), programme and project portfolio management, risk management, procurement/acquisition, and service and contract management.

The New Zealand Government's new regime for Capital Asset Management (CAM) will improve the quality of asset management and create value for money gains. The CAM regime includes:

- a formal two-stage Cabinet approval process, which applies to all new capital investment proposals after Budget 2008 with an expected whole-of-life cost greater than $25 million (inc. GST) that require Cabinet approval (under current rules) or are assessed as high risk based on the New Zealand Gateway™ risk profiling methodology
- a requirement that new, high risk capital expenditure proposals will be subject to an additional layer of project or programme assurance, based on the UK OGC Gateway™ approach, irrespective of the funding source.

In 2007 Cabinet Minute 07 44/1 directed that Gateway be undertaken for projects initiated after 1 January 2008 that:

- Have an expected whole-of-life cost of more than $25 million – *or* –
- Are assessed as high risk

In 2010 Cabinet Circular CO (10) 2 refined the requirement:

Cabinet has directed that Gateway reviews are mandatory for performed for all projects that are identified as *high risk*. The Cabinet-mandated process for determining whether a project is eligible for Gateway is:

1. Departments must, and Crown agents are expected to, complete an initial Risk Profile Assessment (RPA) for any project that would expose the government to significant fiscal or owner ship risks if it were not delivered within the projected functionality, cost and timelines.
2. Where an RPA produces a Medium or High risk score, it must be submitted to the SSC Gateway Unit for consideration of eligibility for Gateway.

3. The Gateway Unit and other Central Agency groups review the RPA and determine whether the project must be subject to Gateway.
4. Alternatively, a Minister may request that a project be subject to Gateway even if it is not formally identified as high risk.

Role of the Senior Responsible Owner

A Gateway Review is conducted on a confidential basis for the Senior Responsible Owner (SRO), who has prime responsibility for initiating the Review. The ownership of the Review Report rests with the SRO, who is accountable for the implementation of the recommended remedial action and the programme/project progression.

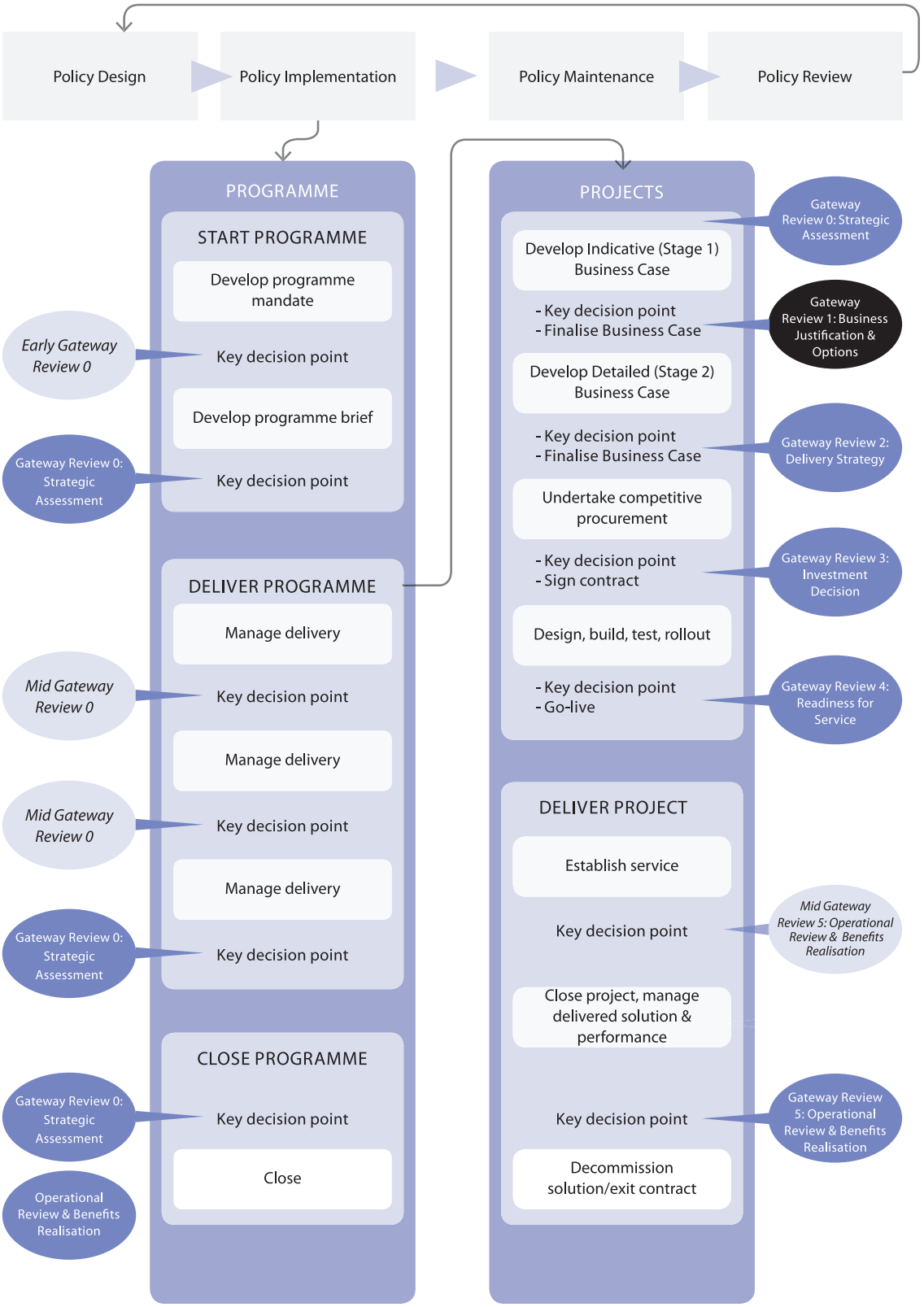
The SRO is the individual responsible for ensuring that a programme of change or a project meets its objectives and delivers the projected benefits. The SRO should be the owner of the overall business change that is being supported by the project, and should ensure that the change maintains its business focus, has clear authority and that the context, including risks, is actively managed. This individual must be senior and must take personal responsibility for successful delivery of the project. They should be recognised as the owner throughout the organisation.

Tailoring the Gateway Review

The workbooks published by SSC provide guidance on the structure of each Gateway Review and the areas of investigation to be addressed by the Review Team, together with examples of the evidence which would demonstrate to the Review Team that the project team has taken an adequate approach to the topic.. These topics and the examples of evidence should be regarded as indicative and not prescriptive, within the overall objectives of each review stage. The Review Team should consider whether additional or different topics need to be addressed and the evidence to be sought. Approaches may vary according to the context of the programme or project – for example, IT-enabled business change, property/construction, or policy development/implementation.

Overview of the Gateway Process

The wider context of the Gateway Process



Gateway Review 5: Overview

About this workbook

This workbook supports Gateway Review 5: Operational Review & 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 six to twelve 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.

Purposes of the Gateway Review 5

- Assess whether the business case justification for the project at Gateway Review 3: Investment decision, was 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/'intelligent customer' 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; 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 the exit strategy and arrangements for re-competition
- Evaluation of actions taken to implement recommendations made in any earlier assessment of deliverability.

Operations review and benefits realisation

Gateway Review 5 is for the operational phase, after the project has delivered its agreed outputs contributing to the outcomes of a programme. This might be a new facility, IT asset or a soft output such as training. 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.

Gateway Review 5 will typically occur several times over the life of the operational service. The first Gateway Review 5 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 repeating mid-term Gateway Reviews 5 to check operational management. For a long-term service contract (such as a hospital or school), there may be four Reviews over a period of twenty years. For IT-enabled projects, the period may be much shorter; there may be only two Reviews over a five-year period.

This 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 Gateway Review 5 is needed. It can be used for the provision of works or a new module of an existing IT system. It should be held six to twelve months after rollout of the new service/ 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 – e.g. new ways of working will need to be established in (say) a new type of school environment, before improvements in educational results are seen.

At appropriate points, the findings from Gateway Reviews 5 will inform any programme level decision points and Gateway Reviews 0.

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/corporate management, feeding as necessary into new initiatives as required.

At Gateway Review 4, the project's SRO decides on the timing of the initial Gateway Review 5, to coincide with the key decision points following the Post Implementation Review. The new owner of the operational service will decide on the timings of subsequent Gateway Reviews 5.

The Post Implementation Review (PIR) is an internal project assurance for the SRO, to confirm that the investment in the Business Case was justified and lessons learned have been captured. The Gateway Review 5 is an external peer review that includes the PIR as a major input to its investigation. The organisation PIR or similar major review is a key input to the one-off or initial Gateway Reviews 5.

1: Review of operating phase

How to use this section for:

Initial Gateway Review 5	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 Gateway Review 5	This Review will occur after 6-12 months (the time from the asset/system/service becoming operational to this Review). For service contracts, this Review should look at the current processes and behaviours, but also project into the future looking 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.
Mid-stage Gateway Review 5	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.
Final Gateway Review 5	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 Gateway Review 5. It would also look ahead to see how the operating phase is being brought to a close.

AREAS TO PROBE		EVIDENCE EXPECTED
1.1	Is the service/facility operating to defined parameters?	■ 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/non- performance are proving effective ■ Facility safe to operate and maintain ■ Information on how the assets are being satisfactorily maintained especially the "hidden" ones such as mechanical and electrical systems ■ Plans for the delivery of maintenance over the lifecycle of the asset ■ Sustainability targets met or exceeded ■ Customer/stakeholder satisfaction experiences assessed.
1.2	Benchmarking/market testing	■ Details of the benchmarking/market testing activities that are being carried out by the parties as defined within their agreement ■ The Treasury guidance is being followed on benchmarking and market testing ■ 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 programme), been delivered and kept up-to-date?	■ 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?	■ 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 intelligent customer knowledge?	■ 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 ■ Details of how the intelligent customer input is maintained ■ Skills appraisal and plans for addressing shortfalls.
1.6	Are plans for ongoing risk management up-to-date?	■ Updated (Residual) Risk Register, risk reporting and management in line with best practice ■ Business continuity/contingency plans updated as required ■ Operational health and safety aspects considered.
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.

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 and client view of this ■ User groups or equivalent.
1.9	Is training and support adequate?	■ The key post holders 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 for:

Initial Gateway Review 5.	This is for projects delivering an asset as a standalone project or as an input to a programme. Alternatively, the project may be delivering an asset as part of the maintenance regime of an existing operational service. 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 programme or service.
At the start of a medium- to long-term contract for operational service Gateway Review 5	This Review will occur after 6 to 12 months (the time from the asset/system/service becoming operational to this Gateway Review 5). All areas in this section will need to be investigated, to confirm that there is a business need and supportive stakeholders. This section will measure the delivery of the asset and benefits against the original Business Case and will identify 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.
Mid-stage Gateway Review 5	For 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).
Final Gateway Review 5	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 probe in this section will be to see that the asset will fit in with any new programme and business case and that it meets the requirements of key stakeholders. The new business case is examined in detail as a Gateway Review 0 on a new programme. A strong governance structure should be in place to oversee the end of one contract, and if applicable, the start of another.

AREAS TO PROBE	EVIDENCE EXPECTED
2.1 Is the Business Case still valid?	■ 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?	■ Findings from Post Implementation Review/post-project review or equivalent major review, including project success criteria met; project performance criteria and key performance indicators (including Design Quality Indicators) met or exceeded; whole-life value targets achieved ■ Contribution to programme/project benefits (as appropriate) and strategic outcomes tracked ■ Updated benefits capture plans compared with Gateway Reviews 3 and 4 ■ Assessment of benefits in current operating regime using the benefits measurement basis confirmed Gateway Review 4 ■ Anticipated future benefits.
2.3 Have the needs of the business, end-users or stakeholders changed?	■ Comparison of current business and end-user needs with those identified in Gateway Reviews 3 and 4 ■ 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? These include: the statutory process; communications; external relations; environmental issues, personnel.	■ Operational communications strategy ■ Updated Communications Plan and Issues Log ■ Governance structure including representatives of key stakeholders reciprocated in both client and provider organisation. ■ Issues escalated to the appropriate level in client and provider organisations 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?	■ Details of user groups, their outputs and feedback process ■ Indication that there is advance preparation with users for changes to the way in which services will be delivered under this contract ■ User-friendly guide available on the services that are provided by the service provider.

3: Plans for ongoing improvements in value for money

How to use this section for:

Initial Gateway Review 5	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 Gateway Review 5	After 6-12 months (the time from the asset/system/service becoming operational to this start-up Gateway Review 5), 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 Gateway Review 5 occurs improvements are demonstrable.
Mid-stage Gateway Review 5	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..
Final Gateway Review 5	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 What is the scope for improved value for money: ■ can more be done for less? ■ could the provider deliver better service quality at the same price? ■ can maintenance costs be driven down?	■ Analysis of value for money to date against scenarios for future service use ■ Commercial intelligence about the provider's track record with others and/or comparison with other providers offering similar services ■ Details of efficiency gains expected and achieved.
3.2 Has the organisation benchmarked its contract-related processes by comparing with other equivalent organisations involved in similar relationships?	■ Benchmarking assessments of processes such as: ■ demand management ■ service planning and development ■ service quality ■ investment decisions/project justification ■ benefits management.

3.3	Are commercial mechanisms providing appropriate incentives?	■ Examples of evidence could include: ■ payments to the provider dependent on the benefits derived from implementing a particular programme of change ■ provider has incentives to deliver and also for ensuring that individual investments are well planned, achievable and will deliver value ■ clear business justification with robust benefits identified on each occasion ■ target incentive mechanisms 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 of the provider exceeding or undercutting those original estimates.
3.4	Are the client plans for the next five years (or the period up to the next decision point) affordable?	■ Plans for the future and budget information.
3.5	Predicted condition of the asset (where appropriate) at the end of the contract period.	■ Examples of evidence could include: ■ Contract information relating to condition of asset at end contract (e.g. mechanical and electrical systems and building fabric) ■ Supplier maintenance plans and clients understanding of these (e.g. responsibility for updating of software).

4: Plans for ongoing improvements in performance and innovation

How to use this section for:

Initial Gateway Review 5	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 Gateway Review 5.
At the start of a medium- to long-term contract for operational service Gateway Review 5	After 6 to 12 months (the time from the asset/system/service becoming operational to this start-up Gateway Review 5), 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 Gateway Review 5 occurs improvements are demonstrable.
Mid-stage Gateway Review 5	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,.
Final Gateway Review 5	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? Are the targets Specific, Measurable, Agreed, Realistic and Timely (SMART)?	■ Understanding and use of key techniques such as Balanced Scorecard, Business Excellence Model, ongoing stakeholder analysis, benchmarking, goal/question/metric approach.

4.2	The client and partner working together actively to identify opportunities for improvement through innovation	■ Details of innovation achieved in service delivery by possibly using industry surveys, benchmarking, reviews by external consultants and reports from the service provider ■ Whether people at all levels have the ability to contribute and whether this is encouraged by using 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?	■ 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 ■ Core sets of performance information that meet multiple purposes, are consistent and complementary ■ Ongoing assessment of appropriateness of performance information ■ Responsibilities for performance management are defined and understood by organisation and supplier ■ Direct links between planning and results ■ Ongoing monitoring of performance and periodic evaluation ■ 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 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 that relate to delivery or capability improvement tracked against an existing baseline?	■ Baseline is established in the business case for the contract ■ Performance measures tracked against that baseline.
4.7	For performance assessment, are there measures for: ■ ongoing service delivery? ■ the desired results of individual programmes of change or improvement, implementation of projects? ■ the overall results or impact of the contract – what does the organisation want to have achieved by the end of the contract period?	■ Formal SLA approaches 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 reflect the organisation's long-term business strategy ■ For construction projects, evidence that user satisfaction has been or will be monitored as required in the Sustainability Action Plan.

5: Review of organisational learning and **maturity targets**

How to use this section for:

Initial Gateway Review 5	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 Gateway Review 5	What arrangements have organisations 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. Term Contract), to confirm that the relevant organisations collect learning.
Mid-stage Gateway Review 5	The topics in this section are used to assess if organisations are actually collecting learning on an ongoing basis.
Final Gateway Review 5	As part of the close down of the project, will there be a review of 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 learned from the project?	■ A mechanism for capturing and recording the initial data ■ Internal evaluation of lessons learned ■ Mechanisms and policy for making information available within and outside the organisation ■ A process for feeding back to organisational project teams ■ Participation in knowledge-sharing forums ■ Appropriate help and expertise available when required from the corporate centre ■ 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?	■ Evidence of formal review at project closure ■ For construction projects, a post project review using Key Performance Indicators (KPIs).
5.3 Are suppliers encouraged to learn from experience?	■ Incentives for suppliers to improve project delivery ■ Commitment to long-term relationships with integrated project teams.

6: Readiness for the future: Plans for future service provision

How to use this section for:

Initial Gateway Review 5	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 Gateway Review 5	All the areas of investigation and evidence expected in this section may not be available at this Review.
Mid-stage Gateway Review 5	All the areas of investigation and evidence expected in this section may not be available at this Review.
Final Gateway Review 5	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 assure the condition of the asset post contract? With some facility contracts (e.g. school, hospital), the life of the facility may be 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. The closing down of the contract, and all the preparatory work that goes with it in relation to the asset conditions, is very important.

AREAS TO PROBE		EVIDENCE EXPECTED
6.1	Is there an ongoing need for the service?	■ Updated business case, linked to current business strategy.
6.2	If the service will be needed in the future, what is its likely scope?	■ Options appraisal to include some or all of the following: ■ 'do nothing' ■ to retain the scope of the existing contract ■ to split the scope of the existing contract ■ to broaden the scope of the existing contract ■ to completely rethink the requirement for the contract ■ single/multiple sources of supply ■ combining new services with others providing similar/complementary services.

6.3	Are there any major issues with the current contract that could affect the approach to re-competition where relevant? Factors to consider include: ■ 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? ■ customer'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 customer is now 'locked in'? Have agreements been made to ensure the handover is as smooth as possible?	■ Updated Risk Register and Issue Log ■ Exception reporting from regular client/provider progress meetings ■ Reports from contract and service management functions ■ Exit strategy and details of handover arrangements.
6.4	Is the asset being properly depreciated and future replacement funding secured?	■ Documentation and funding bids.

Typical project documentation

The areas of investigation, together with examples of evidence, should be available before the Gateway Review starts. The information is likely to be found in the documents suggested below, but may be located in other programme or project documents or elsewhere in the organisation's documentation system:

- an updated Business Case that reflects actual operating conditions, baselined against the Business Case in Gateway Review 4
- report on the findings from 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 since Gateway Review 4, where applicable
- plans for contract improvement and service improvement
- performance reports / KPIs
- customer surveys
- performance measurement systems
- 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 (IPR))
- for construction projects, updated health and safety file; plans for re-use of integrated project team where applicable
- for IT-enabled projects, security documents, (e.g. Accreditation Document Set (ADS)).
- information showing how client/provider manage the relationship and engage with each other.

Supporting guidance

- Department of Prime Minister and Cabinet: defining document for the Gateway review process:
  - Cabinet Circular CO (10) 2: www.dpmc.govt.nz/cabinet/circulars/co10/2.html
- New Zealand State Services Commission:
  - Gateway process: - search for the following documents in www.ssc.govt.nz/gatewayprocess:
    - The Gateway Process: A Manager's Checklist
      Provides a set of key questions that SROs should consider to determine the progress of their programme or project and the potential for success.
    - Gateway review workbooks
      A workbook for each Gateway review provides detailed questions to support each Review.
  - Guidelines for Managing and Monitoring Major IT Projects: www.ssc.govt.nz/ITguidelines

- New Zealand Treasury:
  - Better Business Cases guidance
    www.infrastructure.govt.nz/publications/betterbusinesscases
  - Cost Benefit Analysis primer:
    www.treasury.govt.nz/publications/guidance/planning/costbenefitanalysis
  - Treasury Capital Asset management framework: https://psi.govt.nz/cam/default.aspx
  - Guidance for Public-Private Partnerships:
    www.infrastructure.govt.nz/publications/pppguidance

- New Zealand Ministry of Economic Development (MED); search for the following documents in www.med.govt.nz:
  - Annual Procurement Plan (APP) template (part of Rules; also to give prior warning to market)
  - Government Procurement Advisory Notes
  - Mandatory Rules for Procurement
  - Policy Guide for Purchasers
  - Regulatory Impact Analysis (RIA)
  - Strategic Procurement Outlook template (gives prior warning to market)

- Department of Internal Affairs
  - **igovt services** – Public Service departments, the New Zealand Police, the New Zealand Defence Force, the Parliamentary Counsel Office, the New Zealand Security Intelligence Service and Crown agents all need to be aware of directions relating to certain igovt services.

    All these agencies have been directed, either by Cabinet or, in the case of Crown agents, by a whole of government direction under the Crown Entities Act, to consult with the Department of Internal Affairs before developing a proposal to invest in or build online

credential management or identity verification capability as an alternative to using all-of-government shared authentication services (the igovt logon service and the igovt identity verification service).

- Directions and Priorities for Government ICT: www.dia.govt.nz/diawebsite.nsf/wpg_URL/About-us-Our-Organisation-Directions-and-Priorities-for-Government-ICT?OpenDocument
- Identity space: www.dia.govt.nz/diawebsite.nsf/wpg_URL/Services-Identity-Verification-Service-Government-Directions-Regarding-igovt-Services?OpenDocument
- Enterprise Architecture: www.e.govt.nz/enterprise-architecture
- NZGOAL: www.e.govt.nz/policy/nzgoal
- Standards space: www.e.govt.nz/standards/e-gif-3.3/standards
- e-GIF remains current and includes web standards and authentication. FEA Principles remain current
- GEA-NZ – Government Enterprise Architecture – NZ is under development by DIA and will incorporate many of these requirements and standards.

- New Zealand Office of the Controller and Auditor-General; search for the following documents in www.oag.govt.nz/reports
  - Achieving public sector outcomes with private sector partners (2006)
  - Managing conflicts of interest: Guidance for public entities (2007)
  - Procurement guidelines for Public Entities (2008)
  - Public Sector purchases, grants and gifts: Managing funding arrangements with external parties (2008)

- UK Office of Government Commerce OGC is now part of the new Efficiency and Reform Group within the Cabinet Office but the OGC website is still active (www.ogc.gov.uk). Search for the following on this website or at www.best-management-practice.com
  - Managing successful projects with Prince2
  - Managing successful programmes
  - Management of Risk
  - Achieving Excellence in Construction
  - Successful Delivery Toolkit
  - ITIL (Information Technology Infrastructure Library)

- Risk management principles and guidelines. Australian/New Zealand Standard 2009, AS/NZS 31000:2009
  - www.standards.co.nz/default.htm
  - www.safetyrisk.com.au/2010/05/03/new-risk-management-standard-asnzs-iso-31000/