Strategic Gate Review Workbook

Gate One

FURTHER INFORMATION AND ASSISTANCE

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Strategic Gate Review Workbook – Issue No 10 - October 2013

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GATEWAY REVIEW SYSTEM -

The NSW Government applies Gateway Reviews to the procurement of infrastructure, information technology, property, and goods and services. Through this, it aims to improve procurement discipline and outcomes by encouraging better performance in project planning, development and execution.

Gateway Reviews are essentially 'peer reviews' that assess whether the processes used in developing and implementing a project is sound.

Reviews can consider an individual project or a program containing several projects.

Projects have a defined beginning and objectives that identify when the project is complete.

Programs consist of a group of projects that are considered together because they have factors in common or interrelated developments, operations or service deliveries.

As programs develop, subsequent Reviews may focus on individual projects or continue to be reviewed as a program. It is important that individual projects contribute to overall program goals.

Projects could be grouped because of:

- their similar or supporting service deliveries
- similar governance requirements
- common stakeholder or change management or similar risk profiles
- similar planning, procurement or implementation timelines

Note that use of the term ***project*** in this workbook also covers a grouping of projects into a program.

In practice, Gateway is the application of high level, structured reviews at critical points (or gates) in the procurement process.

A small team of experienced procurement practitioners who are independent of the project undertake each review. They consider the:

- alignment of the project with agreed objectives
- benefits and value for money offered
- management processes adopted to attain the current stage.

At the conclusion of the review, a report is issued to the Project Sponsor. It indicates the Gateway Review Team's assessment on the state of the project. The report provides recommendations on where further work may be required to improve aspects of the project.

Ultimately, Gateway Reviews help provide the project, the Agency and broader Government with the confidence that an appropriate level of discipline is being applied to the procurement process.

Gateway Health Check

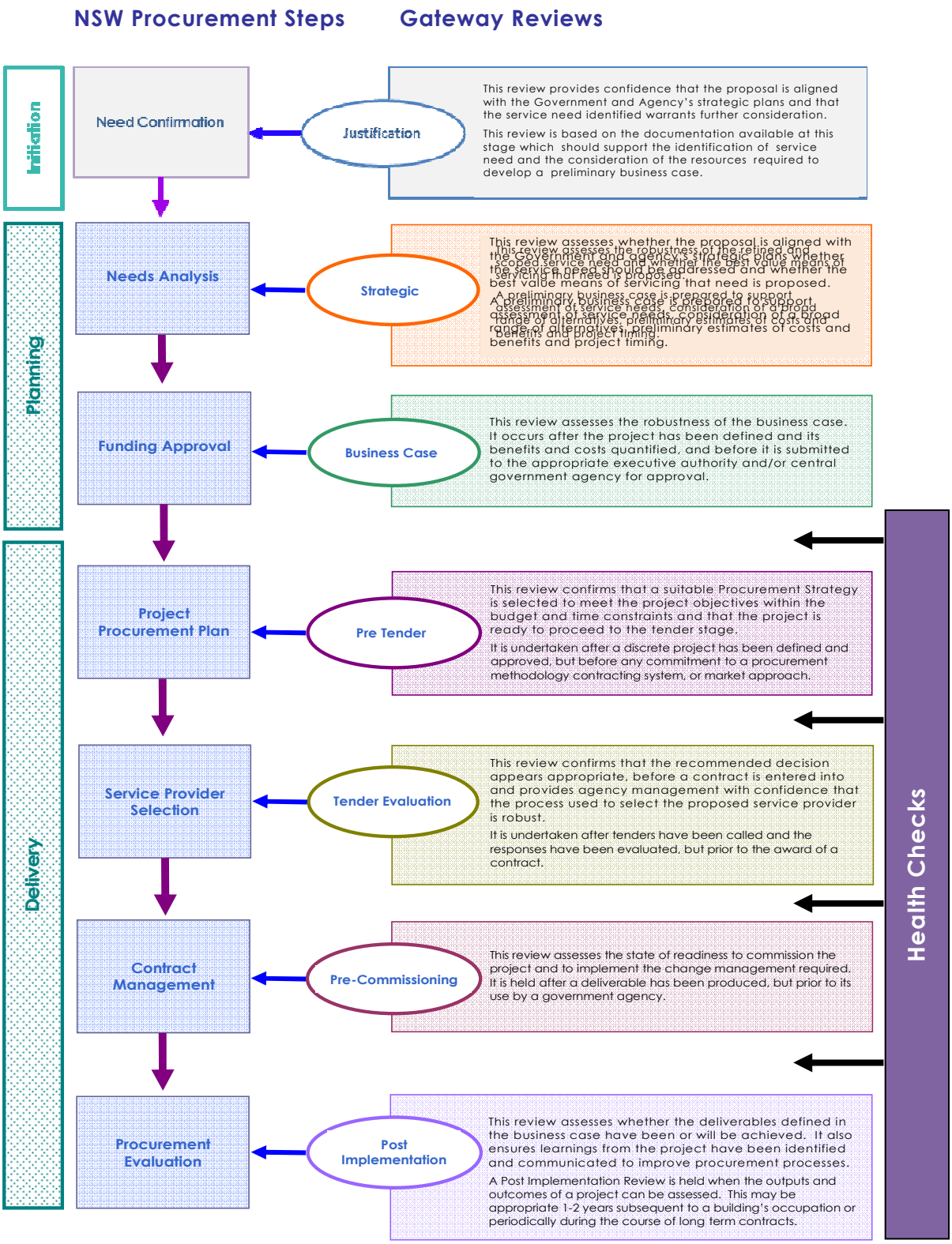
The Gateway Health Check complements the Gate Reviews by providing a 'point in time' insight into areas of concern which may impact completion of the next Gate or project outcomes.

Gateway Health Checks are conducted (for example):

- on an interval basis (in particular where there is a long gap between Gates); or,
- when there is a material change in operating environment or staff; or,
- at the specific request of the Project Sponsor of Government (Treasury or INSW).

It should be noted that a Gateway Health Check neither replaces the need for review at each Gate nor is it a substitute for robust project governance.

PROCUREMENT PROCESS AND GATEWAY



GATEWAY FRAMEWORK

This workbook provides a framework to conduct the Strategic Gate Review. It is based on considering the project against seven success factors, which are constants throughout the procurement process:

1. Service Delivery
2. Affordability and Value for Money
3. Sustainability
4. Governance
5. Risk Management
6. Stakeholder Management
7. Change Management

Indicators have been developed for each key success factor to assist the Review Team in evaluating a project. The Review Team is encouraged to expand or modify this list of indicators to reflect the specific characteristics of the project if required.

It is intended that the Gateway Review Team use existing project documentation and interview project stakeholders to gather information for the indicators. When this is completed, each of the factors is rated to provide the project team with a snapshot of the project.

RED	It is the Gateway Review Team's opinion that this aspect poses a significant risk to the project and must be clarified or addressed before further consideration of the project is made.
AMBER	It is the Gateway Review Team's opinion that this aspect indicates a minor risk to the project and must be clarified or addressed as part of proceeding to the next stage of the project.
GREEN	It is the Gateway Review Team's opinion that this aspect has been given adequate consideration as not to jeopardise the success of progressing to the next stage of the project.

These ratings, as well as any findings or recommendations a review team may have, are then compiled in a report. A report template is provided on page 18.

STRATEGIC GATE REVIEW PURPOSE -

A Strategic Review occurs after a service need has been identified and preliminary justification for procurement has been developed, but prior to developing a detailed project proposal in a business case.

The purpose of the review is to assess whether the project:

- is aligned with the Government and the Agency's strategic plans
- demonstrates that the service need should be addressed and proposes the best value means of servicing that need.

A preliminary business case is prepared at this stage to support the assessment of service needs and the consideration of the broad range of alternative service delivery options. The preliminary business case should also consider the estimates of the cost and benefit of the options and their timing, the governance structure for the project, high level risks, stakeholder consultation and change that may occur.

The main questions the review seeks to answer are:

"What evidence is there that the proposed project will meet the identified service need? Should the service delivery proposal proceed to procurement?

Specific questions the Strategic Review will address in relation to the success factors.

1.	**Service Delivery** -	What service need will the project address? Do the proposed outcomes align with Government priorities and Agency plans?
2. -	**Affordability and Value for Money**	Is the project affordable? Can the cost be justified by the anticipated improvement in services?
3. -	**Sustainability**	Is the project expected to have social, economic and environmental benefits? Are these understood, aligned with sustainability policies and manageable?
4. -	**Governance**	Has a project team with the appropriate skills and experience been established? Has a realistic budget and program been agreed?
5. -	**Risk Management** -	Have the major risks been identified? Has a framework for dealing with the risks been - developed? -
6. -	**Stakeholder Management**	Have stakeholders affected by the proposed project been identified? Are they in favour of the project?
7. -	**Change Management** -	Has consideration been given to the implications of the proposed project on existing infrastructure, processes and people that will be affected?

DOCUMENTATION

Along with the Preliminary Business Case, the Review Team will need to review all relevant project documentation. This includes documentation that provides for the context, planning and delivery priorities of the project.

The information is commonly found in documents such as:

Strategic Gate Documents

- Preliminary business case
- Preliminary Financial and Economic Appraisal
- Agency Corporate Plan
- Preliminary risk management, stakeholder management and change management plans
- Project Management Plan
- Cross agency impact/feasibility studies
- Agency strategic asset management planning of asset acquisition, maintenance and disposal proposals
- State Strategic Plans, e.g. NSW 2021, State Infrastructure Strategy, NSW ICT Strategy
- Agency Total Asset Management Strategy and other TAM - documentation -
- Preliminary Procurement Plan
- Business Need Statement/Need Analysis
- Preliminary Assessment of Environment Constraints
- Supporting Studies such as, demographics, demand analysis, dilapidation reports, geotechnical reports, quantity surveying estimates, feasibility studies, utilisation studies
- Value Management Report
- Initiation / Justification Gate Review report (if undertaken)

STRATEGIC REVIEW INDICATORS -

1. SERVICE DELIVERY

The Review needs to consider whether the acquisition of the good and/or service will achieve the desired outcome(s) and/or fulfil identified need(s).

Indicators to consider include:

- A need for the proposed or continuing service (the case for change) has been clearly identified ☐
- The service needs are clearly articulated ☐
- The Agency has demonstrated that the proposed service is consistent with its strategic goals and priorities ☐
- The Agency has demonstrated that the proposed service is consistent with Government strategic goals and priorities ☐
    - A new legislative or regulatory change necessitates the proposed service or a change to an existing service ☐
    - The State Infrastructure Strategy or other State plans have identified the need ☐
    - A demonstrated infrastructure service need has been identified ☐
- The existing means of delivering the service have been challenged ☐
- The Agency has considered options for meeting the service need, other than by procurement ☐
- The project is aligned with other related Government and Agency projects and programs ☐
- If appropriate, options for aggregating services with other agencies have been considered ☐
- The project has been identified in TAM submission to Treasury ☐

Comments:

RATING	RED	AMBER	GREEN

2. AFFORDABILITY AND VALUE FOR MONEY

Affordability considers whether adequate resources will be available to achieve the proposal.

Value for money considers all factors relating to a proposal including experience, quality, reliability, timeliness, service, capital costs, opportunity costs, whole of life costs, to meet the Agency's requirements and Government's social and economic policies.

Indicators to consider include:

- A preliminary financial and economic appraisal indicates that the procurement to provide the required service can be justified ☐
- Alternative options of meeting the service need have been evaluated for comparison ☐
- The service need is likely to require additional funding (capital investment or recurrent funding) ☐
- Forward provision for this funding has been made or could be allocated/reprioritised ☐
- Sufficient funding to complete development of the business case and economic appraisal is available within forward estimates or could be allocated / reprioritised ☐
- Interdependencies with other projects which could influence success or impact value for money are known ☐
- The timeframes for delivery are well understood ☐
- Processes have been identified for estimating, forecasting, monitoring and controlling project expenditure ☐

Comments:

RATING	RED	AMBER	GREEN

3. SUSTAINABILITY

In considering sustainability, the review needs to look at whether the project/program will meet the need(s) of the present without compromising the ability of future generations to meet their needs.

Indicators to consider include:

- The major social, economic or environmental policies which could impact service need requirements have been considered ☐
- Preliminary assessment indicates that the proposed project will have social impacts that generally benefit the community. Social impacts can include workforce diversity, local employment, employee well-being, and corporate governance practices ☐
- Preliminary assessment indicates that the proposed project will have economic impacts that generally benefit the community. Economic impacts can include economic development, local industry participation, regional and state employment, and the involvement of small to medium enterprises ☐
- Preliminary assessment indicates that any environmental or sustainability impacts of the project can be successfully managed ☐
- The preliminary business case addresses the requirements of relevant policies including for buildings, fleet, energy and water, waste, recycling and purchasing ☐

Comments:

RATING	RED	AMBER	GREEN

4. GOVERNANCE

This factor assesses whether the activities required to ensure a successful project, including resource allocation, time management and process management have been addressed.

Indicators to consider include:

- The project is supported by the CEO of the delivering Agency ☐
- The sponsor has been formally appointed to the project ☐
- The proposal is supported by the sponsor who has sufficient: ☐
  - expertise in the area of the service need
  - capability and capacity to fulfil the sponsor role
  - financial delegations which are of a level appropriate to the envisaged scale of the project
- A Project Team with appropriate skills and experiences has been identified: ☐
  - For preparing the business case
  - To develop the project to achieve desired outcomes
- There is evidence that the Agency has the capability to deliver projects of this scale and nature, given other current or planned project commitments ☐
- The required skills and capabilities to deliver the business case are available in house or can be procured, taking account of the organisation's current commitments and capacity to deliver ☐
- For a program review, a program structure of the component parts or projects has been developed, outlining how each will contribute to required outcomes ☐
- A plan to develop the Business Case within the required time frame has been prepared including planning for a Business Case Gateway Review ☐
- The budget and milestones have been demonstrated to be realistic ☐
- A formal governance structure has been established ☐
- Appropriate governance processes are in place to manage, monitor and report on project progress and benefits realisation. ☐
- Sufficient project controls (e.g. change control) are in place and interfaces with other Agencies are established (e.g. secondment arrangements, cross-Agency governance body representation or draft memoranda of understanding) ☐
- Management of similar projects can be evidenced and lessons learnt provided for the planning stages from the manager(s) and sponsor(s) ☐

Comments: -

RATING	RED	AMBER	GREEN

5. - RISK MANAGEMENT

This factor considers if a structured methodology for identifying, analysing and managing potential risks is being applied.

Indicators to consider include:

- Major risks associated with the project have been identified ☐
- Suitable controls and monitoring arrangements for dealing with risk are in place for business case development ☐
- The key service, project and delivery risks for completing the business case are understood ☐
- A risk management framework, appropriate to the project's risk profile and complexity is in place or is under development ☐
- A risk assessment has been included in the planning processes ☐
- Key stakeholders who need to be consulted with regarding risk assessment have been identified ☐
- The risk management process is linked to the agency's risk management framework ☐
- The project risks are visible to the appropriate level of management ☐

Comments:

RATING	RED	AMBER	GREEN

6. - STAKEHOLDER MANAGEMENT

The review needs to examine whether the exchange of information with stakeholders is being adequately managed and that their concerns are being addressed.

Indicators to consider include:

- Stakeholders affected by the proposed project have been identified. This includes internal and external stakeholders, as well as other agencies for multi-agency projects ☐
- The views of major stakeholders have been canvassed and considered ☐
- Processes have been identified or are in place for securing common understanding and agreement by the key stakeholders ☐
- The concerns of stakeholders are unlikely to slow the planning processes ☐
- Project planning processes includes consultation with stakeholders ☐
- Adequate resources for stakeholder engagement are included in the plan ☐
- The Agency has identified a framework for managing all stakeholders ☐

Comments:

RATING	RED	AMBER	GREEN

7. - CHANGE MANAGEMENT

Change management is the task of managing the change resulting from the project, both inside and outside the managing agency, in a structured and systematic fashion so that the project is completed efficiently and effectively.

Indicators to consider include:

- Service need changes or impacts that would occur as a result of the project are identified and understood, have been considered and are demonstrated as manageable ☐
- Operational changes or impacts (on existing infrastructure, business processes and people) that would occur as a result of the project are identified and understood, have been considered and are demonstrated as manageable ☐
- The organisations that may be affected by the change have been identified ☐
- The relationship of affected organisations to the Agency (i.e. whether they are internal to the Agency, external to the Agency or external to Government) is known ☐
- There are sufficient resources allocated to investigate the scale and scope of the change as part of development of the final business case ☐
- The Agency has identified or has in place a framework for managing the change ☐
- The Agency has identified their commitment to achieving the change and has demonstrated the change as being manageable ☐

Comments:

RATING	RED	AMBER	GREEN

GATEWAY REVIEW REPORT TEMPLATE -

Project: -

Sponsor Agency: -

Gateway Review: **Strategic Gate -**

Status of Report: -

Project Sponsor: -

Review Dates: -
(Planning/Interview/Report) -

Gateway Review Team: -

Gateway Manager: -

Estimated Total Cost: -

Background

The aim of this project is

The driving force for the project is

The proposed benefits of the project are

The current position of the project in relation to Gateway Review Process is at the preliminary business case stage. This is the first Gateway Review to be undertaken for the project.

Conduct of the Review

A Strategic Review of was carried out on at .

The Gateway Review Team consisted of:

-
-

The purpose of the review was to consider if sufficient procurement discipline is being applied to the development of the proposed project and to provide recommendations, where appropriate, on improvement opportunities.

The people interviewed by the Review Team are listed in Appendix A.

The documents reviewed by the Review Team are listed in Appendix B.

Findings of the Gateway Review Team

The findings include the Gateway Review Team's rating for each factor based on the following scale:

RED	It is the Gateway Review Team's opinion that this aspect poses a significant risk to the project and must be clarified or addressed before further consideration of the project is made.
AMBER	It is the Gateway Review Team's opinion that this aspect indicates a minor risk to the project and must be clarified or addressed as part of proceeding to the next stage of the project.
GREEN	It is the Gateway Review Team's opinion that this aspect has been given adequate consideration as not to jeopardise the success of progressing to the next stage of the project.

The Gateway Review Team's findings and observations in relation to each of the prescribed review topics are as follows:

1. Service Delivery

The Review indicated that there is / is not a need for the project and that the proposed outcomes do / do not align with the Government's priorities and the Agency's plans.

The Review Team consider the service delivery aspects of the project to be Red/Amber/Green.

2. Affordability and Value for Money

The Review indicated that the project is / is not affordable in terms of "life cycle" costs and can / cannot be justified by the anticipated improvement in services.

The Review Team consider the affordability and value for money aspects of the project to be Red/Amber/Green.

3. Sustainability

The Review indicated that the social, economic and environmental impacts associated with the project have / have not been identified. These impacts are / are not aligned with sustainability policies and are/ are not manageable.

The Review Team consider the sustainability aspects of the project to be Red/Amber/Green.

4. Governance

The Review indicated that a realistic budget and program have / have not been agreed. A Project Team with the appropriate skills and experience has / has not been established.

The Review Team consider the governance aspects of the project to be Red/Amber/Green.

5. Risk Management

The Review indicated that the major risks of the proposed project have / have not been identified and a framework for dealing with the risk has / has not been developed.

The Review Team consider the risk management aspects of the project to be Red/Amber/Green.

6. Stakeholder Management

The Review indicated that stakeholders affected by the proposed project have / have not been identified. These stakeholders are / are not generally in favour of the project.

The Review Team consider the stakeholder management aspects of the project to be Red/Amber/Green.

7. Change Management

The Review indicated that the implications of the proposed project on existing infrastructure, processes and people have / have not been considered.

The Review Team consider the change management aspects of the project to be Red/Amber/Green.

Other Matters

Conclusions and Recommendations

Based on documentation reviewed and interviews conducted, the Gateway Review Team recommends that additional work be considered on the following aspects of the project:

1.
2.
3.

APPENDIX A: REVIEW INTERVIEWEES

The Reviewers are grateful to the following people that gave generously of their time at the interviews. Their contribution assisted the Reviewers in coming to an understanding of the project and the path that led to its formulation.

Person	Agency	Project Role

APPENDIX B: DOCUMENTS REVIEWED

Document Title	Author	Date of Publication