



LONDON FIRE BRIGADE

Report title

Implementation of a Portfolio Approach

Report to

Portfolio Board
Commissioner's Board

Date

24 March 2021
7 April 2021

Report by

Portfolio and Business Change Manager

Report number

LFC-0510

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I agree the recommended decision below.

Andy Roe
London Fire Commissioner

This decision was
remotely signed on
Date 28 April 2021

Executive Summary

In November 2020 the Transformation Directorate contracted consultants RedQuadrant to provide proposals for introducing a portfolio approach to support transformation, and the structures and processes required to manage projects and programmes of work. In addition, they were requested to provide proposals for implementing a business change function to support the London Fire Brigade's (Brigade's) programme delivery, to facilitate service delivery and improvement of the Brigade's services.

This report should be read in conjunction with the attached Portfolio Blueprint PowerPoint slide deck (Appendix 1). There is also supporting material in the form of annexes which can be provided by request.

Recommended decisions

That the London Fire Commissioner:

1. Adopts the proposed portfolio approach and high-level implementation plan at Appendix 1;
2. Approves the development of the current Programme Management Office to adopt an 'activist' approach; and
3. Approves the creation of a Portfolio Office function.

These are expanded on slide 14 of the Blueprint slide pack.

Introduction and Background

1. The Transformation Delivery Plan (TDP) articulated the Brigade's strategic intent for transformation. The first phase identified the purpose, vision and strategic framework, and within the Transformation Directorate, the current phase is focusing on a review of the services the Brigade provides through a new Target Operating Model and Community Risk Management Plan (CRMP), and the implementation of management structures and capabilities that enable the delivery of these services.
2. A range of disciplines are being developed to help the Brigade move toward a service-based culture, which are required to secure delivery of the TDP outcomes and prepare for the delivery of the future CRMP. These disciplines include the development of an assurance and risk management framework, a focus on continuous improvement both locally and corporately, a portfolio management capability and a business change capability.
3. The Transformation Directorate identified two key strands of work required to provide the capability and capacity for developing a Portfolio approach and a business change capability. These two requirements (capacity and capability) were put out to market in order to appoint specialist consultancy services.
4. The first contract to be awarded was to consultants RedQuadrant in the area of capacity, specifically to advise on introducing a portfolio approach to support transformation, and the structures and processes required to enable this. They have also been contracted to develop a business change function to support delivery of projects and programmes that is focused on the needs of the front-line workforce and supporting functions, to facilitate delivery and the improvement of the Brigade's services.
5. The second contract to be awarded will focus on carrying out a gap analysis of the Brigade's capability (including skills and resources) to deliver the approaches recommended. This is now due to start in April 2021 following a delay as part of the re-prioritisation work recently carried out across the Brigade. Following a formal tendering process, consultants RedQuadrant have also been awarded this work.
6. RedQuadrant have now provided the Brigade with a Portfolio Blueprint, following a desktop analysis of the Brigade's projects, programmes and strategic action plans, two workshops with Heads of Service, and several one- to-one discussions with stakeholders and departments across the Brigade.
7. A blueprint is a detailed vision for an organisation – and is being used in this instance to provide a summary of the findings, the key proposals, recommendations and a description of the potential impacts of taking the approaches being described. It also contains an outline implementation plan for the coming months. The Portfolio Blueprint can be found in Appendix 1.
8. This report provides the Board with a summary of the case for change, and points to the key findings, recommendations and immediate next steps in terms of implementation. This information is all contained in more detail in the Portfolio Blueprint.

9. It should be acknowledged that there are several dependencies and convergent points with the other workstreams outlined in paragraph 2 above, particularly in the area of risk and assurance. The portfolio management lifecycle and gateway decision points must consider the new business assurance framework, and processes and responsibilities will be aligned as part of the planning and implementation phases.
10. In addition to and alongside the business assurance framework, a review of governance is currently being carried out by the Governance team. The requirements from a Portfolio perspective will be fed into and will be influenced by this review and this will be considered again as part of the next phase of planning and implementation.

What is Portfolio Management

11. The Association of Project Management (APM) defines Portfolio management as:

'the selection, prioritisation and control of an organisation's programmes and projects, in line with its strategic objectives and capacity to deliver. The goal is to balance the implementation of change initiatives and the maintenance of business-as-usual, while optimising return on investment.'

A Portfolio is a collection of projects and/or programmes, used to structure and manage investments at an organisation or functional level to optimise strategic benefits or operational efficiency.

Where projects and programmes are focused on deployment of outputs, and outcomes and benefits, respectively, portfolios exist as coordinating structures to support deployment by ensuring the optimal prioritisation of resources to align with strategic intent and achieve best value

To shape the portfolio, the sponsor and portfolio manager seek out visibility of plans of the constituent projects and programmes and agree how to reshape those constituent parts depending on:

- a. The organisation's ability to resource the whole portfolio.*
- b. Any changes to strategic direction or pace of strategic implementation.¹*

The case for change

12. In December 2019, Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS) published a report on the Brigade's Effectiveness, Efficiency and People. Whilst this report did not contain any specific recommendations in relation to project, programme and portfolio management (P3O), it did identify that there was evidence of the Brigade being wasteful with its resources and it should review how it allocates resources to activities, based on the risks set out in the London Safety Plan. It found many important projects had stalled, meaning that planned improvements agreed with the public hadn't happened. Specifically, it recommended that:

- *The Brigade should make sure it reviews how it allocates its resources to activities, based on the risks set out in the London Safety Plan*

¹ Association of Project Management definition (APM)

- *The Brigade should make sure it effectively monitors, reviews and evaluates the benefits and outcomes of any contractual arrangements, collaboration, or other improvement projects.*²
13. The Brigade's Transformation Delivery plan identifies the need to 'review and re-charter the project management function', which is wrapped up in this work particularly in terms of the recommendations relating to the role of the Programme Management Office.
 14. In February 2021, HMICFRS published a further report, specifically looking at progress made by the Brigade against the Grenfell Tower fire public inquiry recommendations from Phase 1. This includes the subject of governance in relation to the recommendations. It also published a letter with its findings following a review of the causes for concern identified in the 2019 report, primarily associated with incident command training.
 15. This report acknowledges the efforts made by the Brigade to improve how projects are structured, monitored, reported and assured, and that experts have been brought in to help support this, and ultimately enable the Brigade to improve managing the different work plans and improving the skills of leaders to manage organisational change. Specifically, it identifies the following area for improvement:

*The Brigade should better manage its risks and action plans to enable its improvement work to be accelerated*³
 16. The Brigade's internal auditors, The Mayor's Office for Policing and Crime (MOPAC) have also carried out a review of the Brigade's digital transformation strategy. This review identified several recommendations specific to ICT, but relevant to the wider Brigade, in terms of ensuring that ICT are able to more effectively prioritise their resources in line with the TDP and strategic objectives (which includes the Togetherness Strategy), to support with more effective longer-term planning. It also identified the need to establish a process where an independent review of progress against the ICT workplan is undertaken to facilitate effective corporate oversight.
 17. Taking a Portfolio approach will enable the Brigade to prioritise its change and improvement activities against business as usual. It will also help to focus on an outcome and benefits-based approach, through the adherence to Programme and change management principles. Ultimately, this should result in efficiencies in delivery by maintaining a focus on the highest-priority activities. In order to do this, the Brigade must also become better at defining, managing and delivering projects and programmes.
 18. Another benefit of adopting a Portfolio approach will be the ability, in time, for the Brigade to provide higher-level, more focused and better-quality reporting against the Brigade's improvement and transformation activities.
 19. The desktop and stakeholder engagement work carried out by RedQuadrant identified further internal drivers for implementing this approach, which are included in the Portfolio Blueprint in Appendix 1.

Implementation and next steps

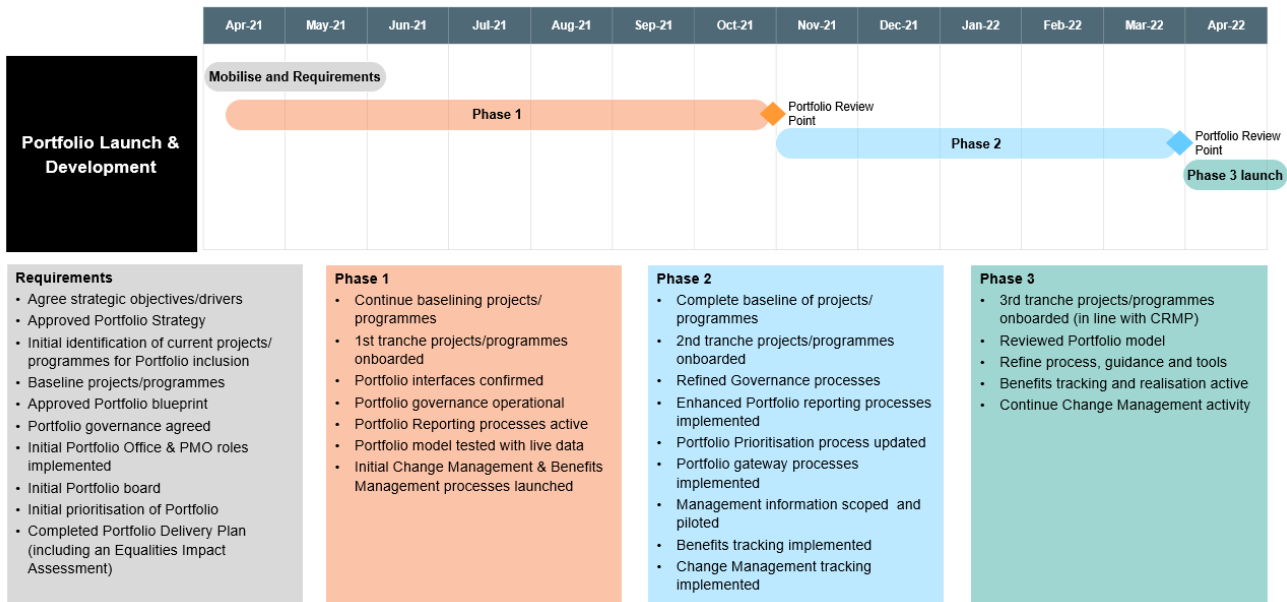
20. The Portfolio Blueprint contains several recommendations for implementing this work over the next 12 months. This includes a summary of recommendations on slide 8. This report is

² Page 27 HMICFRS report, December 2019

³ Page 15 HMICFRS report, February 2021

requesting approval to move to the next phase of the work (Implementation – Requirements/phase 1) as outlined on slide 14 of the Blueprint slide pack and in the recommendations section above.

21. The proposal provided in the Portfolio Blueprint is to take an iterative, phased approach to implementing the Portfolio. The Brigade does not currently have the capability or capacity to implement Portfolio management immediately. Time is required to upskill staff, identify and obtain additional P3O resources, align the existing governance arrangements, and fully define the projects and programmes that will form the Portfolio. The majority of these are not currently classed as Corporate Projects and are not necessarily supported by the resources needed to take these delivery approaches.
22. The Blueprint contains an overview of the implementation plan at slide 11. The next stage will be to define the requirements, establish a project and identify the tasks required of the PMO, Portfolio Office and departments involved in project and programme delivery. This will enable phase 1 of onboarding projects and programmes into the Portfolio. The high-level roadmap from the Blueprint has been included below for reference.



23. Phase 1 will overlap with the mobilisation and requirements phase and will start the process of identifying the priority projects and programmes that will form that initial Portfolio and adopt project, programme and portfolio management structures and processes. Two areas currently being considered are Togetherness and Incident Command, as they are two key priorities for the Brigade following the Grenfell Tower fire and the HMICFRS findings. This initial implementation will be led by the Portfolio Office and the PMO, with support provided by RedQuadrant as part of their existing contract.
24. Alongside this, departments will be encouraged to start preparing for their project and programme activity to be 'onboarded' into the Portfolio. This will be supported by the work starting in April 2021 to assess the Brigade's current P3O and business change skills and capabilities, assessing the gap and how to address that gap.

25. Phase 1 will be followed by a further phase to onboard additional projects, programmes and activities into the Portfolio, with the aim to onboard a final tranche by March 2022 which is line with the future CRMP. The portfolio will be refined to ensure its content becomes a reflection of all the work the Brigade are planning to do, in order to become the organisation that will be described in the CRMP. As the CRMP is created, the portfolio may need to be adjusted to ensure that it focuses on the Brigade's future priorities, including its business as usual activities.
26. The intention is to run this work as a project. It will be run in an Agile way, focusing on the delivery of key outcomes within defined time boxes, rather than detailed reporting against individual tasks and activities. There will be regular progress updates provided to Portfolio Board, and opportunities for stakeholders to provide feedback and inform and influence the work.

Risks

27. The key risks to delivering the portfolio approach include:
 - There is a risk that the Brigade does not currently have the capacity to take on this level of change, alongside the other activities currently being prioritised. Taking these approaches will require an amount of work up front to define projects and programme, develop the governance required, and support this with the right documentation and resources. In order to mitigate this risk, an iterative, phased approach is being suggested.
 - There is a risk that it is not possible to provide the financial investment required, over time, to implement these approaches. This may require directorates to consider roles and responsibilities and the way they manage and resource their project and programme activities going forward. This risk cannot be fully avoided, but can be managed by ensuring that the consideration of these resources is included in any reviews being carried out of their existing structures, roles and responsibilities, and by including the need for project/programme management resources when bidding for funding to deliver change and improvement activities.
 - There is a risk that this approach will not be supported across the Brigade. Previous investigations into taking a Portfolio approach and developing our project and programme management capacity and capability have not resulted in action. In order to mitigate this risk, the approach will need to be supported and encouraged by the leadership team.

Financial Impact and resourcing the Portfolio approach

28. There is no financial impact at this point, but it should be noted that moving to a Portfolio approach, and the need to support this with the appropriate level of project and programme management, will require financial investment over time in order to provide the level of resourcing needed to support this effectively.
29. Specifically, the Portfolio Blueprint (slide 13) provides the following information on anticipated costs:

Implementing Portfolio management will involve cash cost, opportunity cost and effort, but our judgement is that this is necessary, and the investment will represent very good value:

- a. **Putting in place more consistent better resourced PPM processes at Service and Directorate level.** This is probably the largest cost, but also the easiest to justify and one that LFB has already recognised in its planned work on the PPM skills gaps. LFB is delivering increasingly complex projects and programmes and these PPM resources would be required to manage the associated risks regardless of whether Portfolio management was being implemented.
- b. **Creating an Activist PMO.** This builds from the investment in PPM skills at Service and Directorate level. The level of cost depends on how much support Project and Programme managers will need, and on the size and complexity of the Portfolio. However, given the complexity of future work and the potential cost of failure the value argument seems clear.
- c. **Creating a new Portfolio Office function.** This is a relatively small but important investment. Having the capacity to manage the business of the Portfolio Board and other boards effectively it has the potential to significantly reduce the effort expended by the Senior Management teams and multiply the impact of the Portfolio and Portfolio Board. Initially we anticipate this can be covered by an existing post but will need to review mid-year with the anticipated increase in workload as the portfolio grows.
- d. **Recruiting Business Change Managers into Programmes and Portfolio Business Change support.** Launching the initial business change approach across LFB will require specialist resources to support programmes to implement the approach. This FTE requirement is expected to grow over the next 12 months whilst adoption expands across LFB. Initially we anticipate one FTP post to support Business Change to sit in the Transformation Directorate. Each major programme should also consider how they will resource Business Change Managers over Phase 1.

The exact costs will not be apparent until implementation work starts and the size and complexity of the Portfolio is clearer, and it is likely that the investment will be incremental. However, it seems clear that a very strong value argument can be made for all of these investments.

30. This is likely to include central resourcing, in terms of an enhanced Programme Management Office, establishment of a Portfolio Office and a Business Change function, but also at service-level in terms of the project and programme management resources required to deliver the change the Brigade has committed to. However, this investment will enable the Brigade to better prioritise its resources in line with its strategic objectives and become more efficient in delivery, which should ultimately contribute to making its services more efficient and effective.
31. Alongside this work, a review is being carried out of the Transformation directorate structure. In addition, a gap analysis of the Brigade's project, programme, portfolio and business change skills and capability is being conducted from April 2021 by consultants RedQuadrant. Both should be completed in June 2021 and will feed into the longer term resourcing requirements for the Portfolio approach. This will also help to identify where skills and resourcing already exist, and where departments and directorates may be able to manage and deliver projects and programmes more effectively within their existing resourcing levels, wherever possible.
32. The iterative nature of the proposed approach means that further updates will be provided regularly to the Board, and approvals sought where additional resources and/or decisions on priority, alignment and direction are required.

Finance comments

33. This report recommends that the adoption of a portfolio approach is agreed, along with the development of the Programme Management Office and creation of a Portfolio Office. There will be no financial impact of this in the first stage of this process, with the work of the Portfolio Office being carried out by existing staff and the work of the Programme Management Office changing rather than increasing in size or resource requirements at this point. There may be a requirement for additional resourcing against these areas at a future time however, which would form the basis of a later report
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Workforce comments

35. At this point, the recommendations and proposals in this report and the accompanying Portfolio Blueprint are unlikely to impact the workforce directly. In applying Portfolio management and the underlying project and programme management approaches, this should result in more efficient, effective delivery of both outputs (e.g. equipment, IT Solutions, etc) and outcomes (e.g. lasting changes and benefits in performance) all of which will have a positive impact on the workforce.
36. The intention is to implement a business change capability and strengthen the priority placed on change management throughout the delivery of projects and programmes. This includes ensuring that all stakeholders, including the end-user, are identified in the first stages and involved throughout development. Portfolio management will help the organisation understand the cumulative impact of that change on the workforce, resulting in being able to better manage the implementation of the Transformation Delivery Plan and future CRMP.

Legal comments

37. Under section 9 of the Policing and Crime Act 2017, the London Fire Commissioner (the "Commissioner") is established as a corporation sole with the Mayor appointing the occupant of that office. Under section 327D of the GLA Act 1999, as amended by the Policing and Crime Act 2017, the Mayor may issue to the Commissioner specific or general directions as to the manner in which the holder of that office is to exercise his or her functions.
38. By direction dated 1 April 2018, the Mayor set out those matters, for which the Commissioner would require the prior approval of either the Mayor or the Deputy Mayor for Fire and Resilience (the "Deputy Mayor").
39. Section 1 of the Fire and Rescue Services Act 2004 ('the 2004 Act') states the Commissioner is the fire and rescue authority for Greater London.
40. Section 5A of the 2004 Act enables the Commissioner to "do anything it considers appropriate for the purposes of the carrying out of its functions in accordance with Section 5A Fire and Rescue Services Act 2004 (FRSA 2004), the Commissioner has powers to do anything that is either incidental or indirectly incidental to its functional purposes.

41. The General Counsel also notes that the procurement of consultants Red Quadrant was in compliance with the Public Contracts Regulations 2015 and any proposed procurement will also be compliant with the Public Procurement Regulations 2015.

Procurement and Sustainability implications

42. A Sustainability Impact Assessment will be carried out as part of the process of developing a Project Initiation Document for this project.
43. The Procurement for the consultancy work was carried out by RedQuadrant and was conducted fairly, within procurement guidelines, using frameworks available to the Brigade. The procurement for the consultancy for the second contract will be conducted in compliance with LFC procurement standing orders and Public Procurement Regulations 2015.

Strategic Drivers

44. The strategic drivers have been described in the 'case for change' section in the report, both in terms of the direct recommendations from HMICFRS, and the changes identified in the Brigade's Transformation Delivery Plan, primarily in regard to the way the Brigade manages its resources to deliver its work, and manages the delivery of its action plans.

Equalities implications

45. The processes being proposed, including more robust project and programme management, will incorporate the processes required early on and throughout planning and delivery to carry out an Equalities Impact Assessment on specific projects.
46. The London Fire Commissioner and decision takers are required to have due regard to the Public Sector Equality Duty (s149 of the Equality Act 2010) when exercising our functions and taking decisions.
47. It is important to note that consideration of the Public Sector Equality Duty is not a one-off task. The duty must be fulfilled before taking a decision, at the time of taking a decision, and after the decision has been taken.
48. The protected characteristics are: Age, Disability, Gender reassignment, Pregnancy and maternity, Marriage and civil partnership (but only in respect of the requirements to have due regard to the need to eliminate discrimination), Race (ethnic or national origins, colour or nationality), Religion or belief (including lack of belief), Sex, and Sexual orientation.
49. The Public Sector Equality Duty requires us, in the exercise of all LFC functions (i.e. everything the LFC does), to have due regard to the need to:
- (a) Eliminate discrimination, harassment and victimisation and other prohibited conduct.
 - (b) Advance equality of opportunity between people who share a relevant protected characteristic and persons who do not share it.

(c) Foster good relations between people who share a relevant protected characteristic and persons who do not share it.

50. Having due regard to the need to advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to:

(a) remove or minimise disadvantages suffered by persons who share a relevant protected characteristic where those disadvantages are connected to that characteristic;

(b) take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it;

(c) encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.

51. The steps involved in meeting the needs of disabled persons that are different from the needs of persons who are not disabled include, in particular, steps to take account of disabled persons' disabilities.

52. Having due regard to the need to foster good relations between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to:

(a) tackle prejudice, and

(b) promote understanding.

53. An Equalities Impact Assessment will be carried out in the next phase. Consultation will take part with the inclusion team as part of this process.

List of Appendices

Appendix	Title	Protective Marking
1.	Portfolio Blueprint	None

Consultation

Name/role	Method consulted
Fiona Dolman (Director for Transformation)	Verbally/email
Andy Bell (Assistant Commissioner Transformation)	Verbally/email
Charlie Hanks (Staff Officer, Director for Transformation)	Email
Susan Ellison-Bunce (Assistant Director Strategy and Risk)	Verbally/email
Steven Adams (Head of Governance)	Verbally/email

Name/role	Method consulted
Fiona Dolman (Director for Transformation)	Verbally/email
Paul Davies/Emma Sinclair (PMO)	Verbally/email
Tiffany Oarton (Inclusion Team)	Verbally
Heads of Service, project and programme leads	Briefing and Q&A held on 19.03.21

LFB Portfolio Blueprint and Business Change Proposal

19 March 2021

BOARD SUMMARY

This section summarises the recommendations and approvals sought from the Portfolio Board on 24th March 2021

The challenges facing LFB that portfolio management addresses

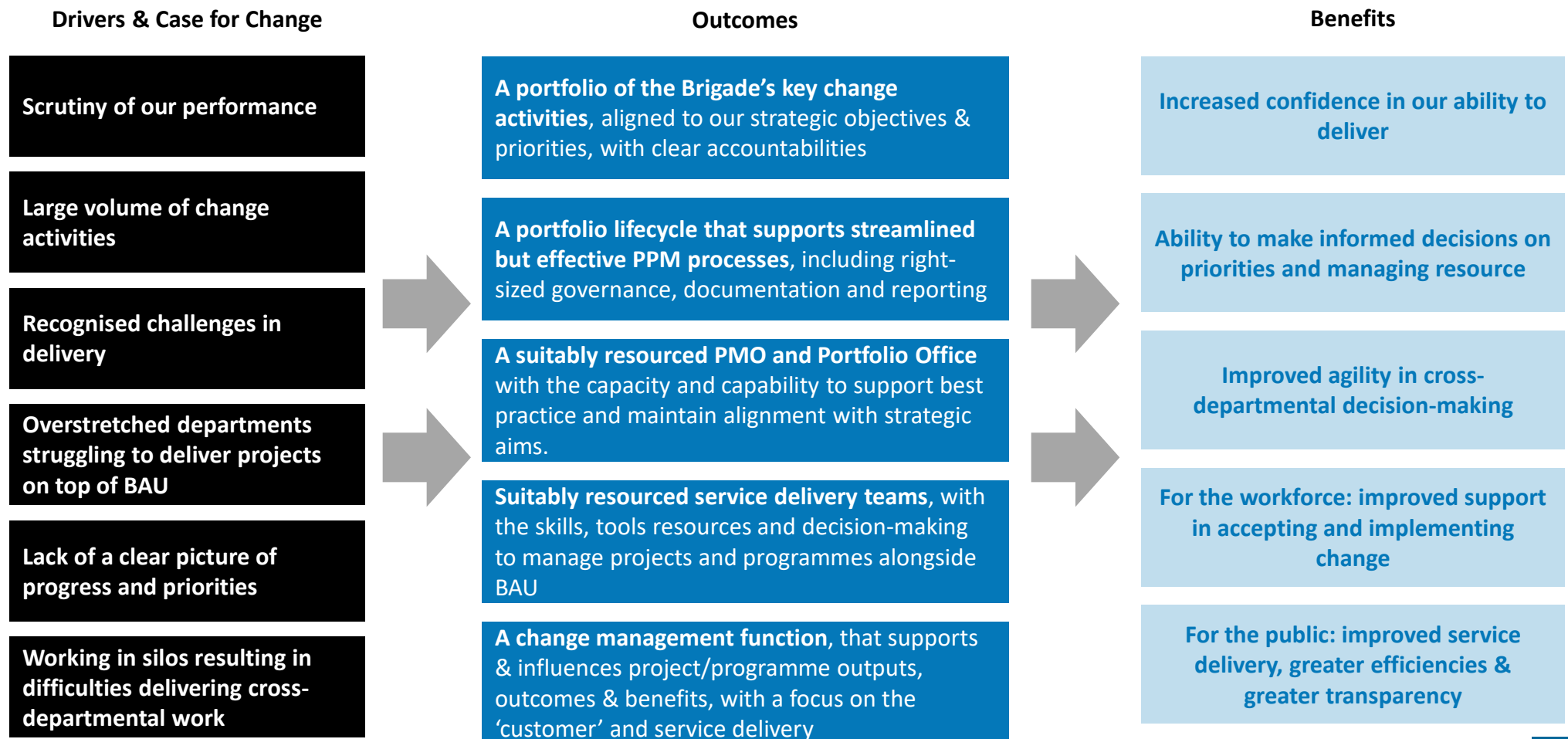
The purpose of implementing a Portfolio approach in LFB is to address specific weaknesses previously identified in its ability to implement change and develop the future capabilities it will need to fulfil its purpose and specifically its ability to:

1. **Deliver projects and programmes effectively and efficiently** (e.g. delivering specified outputs to time and cost).
2. **Deliver outcomes through projects and programmes** including ‘hard’ outcomes such as capabilities delivered through equipment or infrastructure and ‘soft’ outcomes delivered through changes in behaviours and cultures.
3. **Align its change activities with its objectives** including the ability to prioritise and ensure that LFB works within the limits of its resources and does not risk failure through over-committing to change, including maintaining its ability to deliver Business as Usual (BAU) activities as well as change.

Improved project and programme management are an essential part of delivering these, but cannot in themselves deliver the kinds of complex change LFB needs to implement.

Portfolio management is needed to ensure that the ‘sum of the parts’ of the LFB portfolio of work delivers the desired outcomes and ensure LFB can adapt its approach if the priorities, desired outcomes, available resources or delivery context changes.

The discovery activity & stakeholder engagement undertaken has enabled these drivers & the case for change to be more fully articulated



The success of the portfolio approach requires wider engagement with stakeholders to co-design, test and validate the future models

In arriving at these proposals we have carried out the following engagement activity:

- We have held **two workshops to share developing findings and proposals at HOS level**.
- We have completed **two round of 'desktop' analysis**, one prior to the first workshop in preparation for it and one following feedback from it and following analysis of a second set of information and plans from Service teams.
- We have had **regular conversations with key stakeholders** to ensure alignment of the proposals with ongoing work on governance, risk and assurance (BAF), development of the CRMP and restructuring of the Transformation Directorate.
- We have put **two presentations to the Portfolio Board** setting out progress and emerging findings and recommendations.

This makes us confident that the proposals are consistent and compatible with ongoing work and also emphasise the need for ongoing dialogue to ensure that the portfolio work aligned with these other work strands to maximise benefits and deliver a fully transformed LFB

Summary of findings

The findings of the consultancy team are:

- **The LFB management and governance structures and processes will need to change in order to support portfolio management and to exploit it fully.** There is a need to improve the quality of PPM work and reporting that supports these management and governance structures and a need to clarify the roles of individuals Boards in project and programme delivery. There is significant potential benefit in shifting more decision making from Boards to project and programme teams, aligning approvals with portfolio processes and stronger alignment with assurance and risk (BAF) processes.
- **The level of PPM capability and capacity available is currently inadequate to support successful portfolio management.** A large proportion of the day to day PPM work falls to uniformed officers taking on PPM work in addition to other duties. In the case of simple projects this may be workable; but with growing complexity and volume of work the level of specialist support these officers receive needs review. While ICT and Property are employing full time PPM specialists this is not the case for all LFB Service areas and Directorates. This also represents a risk to project and programme delivery. Developing the skills and resources needed to deliver some of the strategically important projects and programmes could take several months, supporting a ‘tranche by tranche’ approach.
- **There are significant and potentially critical weaknesses in linking activities to outcomes.** With the increasing complexity of the projects and programmes LFB is taking on there is a need to link activities across multiple projects and services to deliver capabilities and outcomes and as a whole LFB has a major weakness in these skills and experience of delivering this kind of programme.

Summary of findings

- **LFB may now be in a situation where the change work it has committed to may exceed the resources and skill available to deliver it.** This implies a need to assess the gap and review the priority of projects and programmes to ensure that strategically essential work is delivered. This is particularly true where programmes that cut across multiple Services and Directorates exist.
- **There are critical culture and behaviour aspects to successfully implementing Portfolio Management.** The issues of developing a willingness to delegate responsibility and a culture that can manage risk and benefit in a mature way have already been identified by LFB. There is also a sense that more priority and space needs to be given to early stages of the delivery cycle, planning projects and programmes of work, ensuring strategic alignment and avoiding 'knee jerk' responses to issues. Stronger PPM will help support this, but there is also a need for continued work on changing behaviours and culture.

Summary of Portfolio Approach recommendations

The following high level actions are recommended to establish a Portfolio Management approach:

- 1. Review the Terms of Reference (TORs) of current Boards and ways of working:** The aim is to create a space for the Portfolio Board to work in, increase delegation across LFB and shift to a more agile outcome and project focussed governance model. This is needed to accommodate new and more efficient ways of working, clarify roles, prevent conflicts and avoid duplications or gaps in governance processes. It includes review of approvals processes and how they will align with portfolio and PPM processes.
- 2. Establish a Portfolio Office capability to support your Portfolio Board:** This is needed to support the Portfolio Board in aligning actions with existing Boards and stakeholders, it also helps align the Portfolio Boards work with that of the PMO and a new Business Change function. Its work is critical in 'managing board business' and preventing conflicts between internal stakeholders.
- 3. Establish an 'Activist' PMO:** The current arrangements imply a 'passive' and incomplete PMO function, this needs to be replaced by an 'activist' model where the PMO has a more formal and active assurance role in ensuring all projects and programmes follow agreed processes and deliver their intended outcomes. The activist PMO is the mechanism through which the Portfolio Board and wider LFB understands and influences (along with Boards) the LFB portfolio of projects and programmes. It will also need to be aligned with the new Business Assurance Framework (BAF).
- 4. Put in place more consistent better resourced PPM processes:** A Portfolio approach will require clearer project objectives, more effective risk management, benefits management, better progress reporting and better assurance are all needed to support. This implies confirming that adequate resources are allocated to projects and programmes at all stages to ensure both operational duties and PPM work can be delivered including the use of skilled change managers and Programme Managers where necessary.

These will be explained in more detail in the following slides

Proposed approach

The proposed approach to implementing portfolio management is as follows:

- i) **The change should be iterative and collaborative.** LFB does not currently have the capacity to implement this major change as a 'big bang' approach. A timescale of 12 months to establish the LFB portfolio feels more realistic. The highest priority objectives and programmes need to be 'brought into' the portfolio first and the teams need to work in a collaborative way helping stakeholders implement the changes they need to make to adopt the portfolio approach.
- ii) **The management approach to implementing portfolio management should be Agile.** While the objectives are very clear there is a lot of complex detail and things will change before the work is completed. For this reason we recommend an Agile project management approach where the change team continuously test their plans against their objectives and have the freedom to adapt that plan to achieve the best outcomes.
- iii) **The aim should be convergence of all key strands of LFB change work.** Portfolio management and development of a prioritised LFB portfolio has to align coherently with other strands of change including development of the CRMP, development of project and programme skills and new approaches to benefits, risk and assurance. This means that the ultimate aim of the portfolio work will be to reach an alignment point probably in early to mid 2022 when all of these things align to produce a transformed organisation.

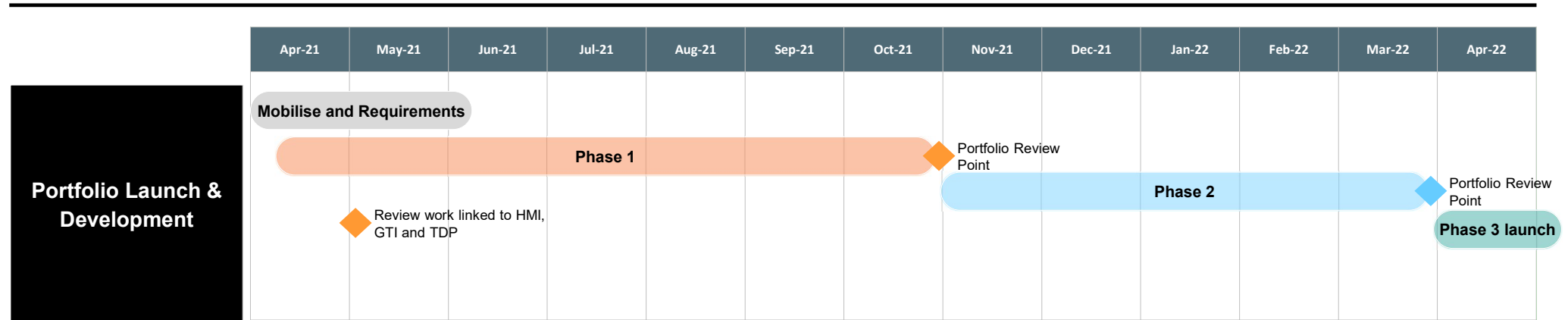
Business change

Business change management is likely to play a critical role in successful delivery of change for LFB for the following reasons:

- **The change that LFB needs to implement is outcome focussed.** Effective change management drives greater benefits realisation and achievement of results and outcomes, particularly focusing on the return on investment, cost benefits alignment and benefits to the organisation rather than simply completion of tasks.
- **The change is complex.** LFB will need to align multiple strands of work and multiple outputs to achieve the outcomes it needs to deliver and change management is an effective way of managing this complexity.
- **Achieving lasting change implies changes in cultures and behaviours.** These are critical enablers for many aspects of the change LFB needs to deliver in terms of operational capability as well as how it operates as an organisation and engages with the communities it serves. This is a kind of change where active change management is essential as cultures and behaviours often resist change.

The Blueprint sets out an approach to business change based on a central 'owner' within the Transformation Directorate and change managers embedded in projects and programmes, but cannot yet quantify the need which will become more apparent as the portfolio is developed and the aim is to provide an update mid year.

High Level Portfolio Implementation Roadmap



Requirements

- Agree strategic objectives/drivers
- Approved Portfolio Strategy
- Initial identification of current projects/programmes for Portfolio inclusion
- Baseline projects/programmes
- Approved Portfolio blueprint
- Portfolio governance agreed
- Initial Portfolio Office & PMO roles implemented
- Initial Portfolio board
- Initial prioritisation of Portfolio
- Completed Portfolio Delivery Plan

Phase 1

- Continue baselining projects/programmes
- Review projects linked to HMI, GTI and TDP as a priority
- 1st tranche projects/programmes onboarded
- Portfolio interfaces confirmed
- Portfolio governance operational
- Portfolio Reporting processes active
- Portfolio model tested with live data
- Initial Change Management & Benefits Management processes launched

Phase 2

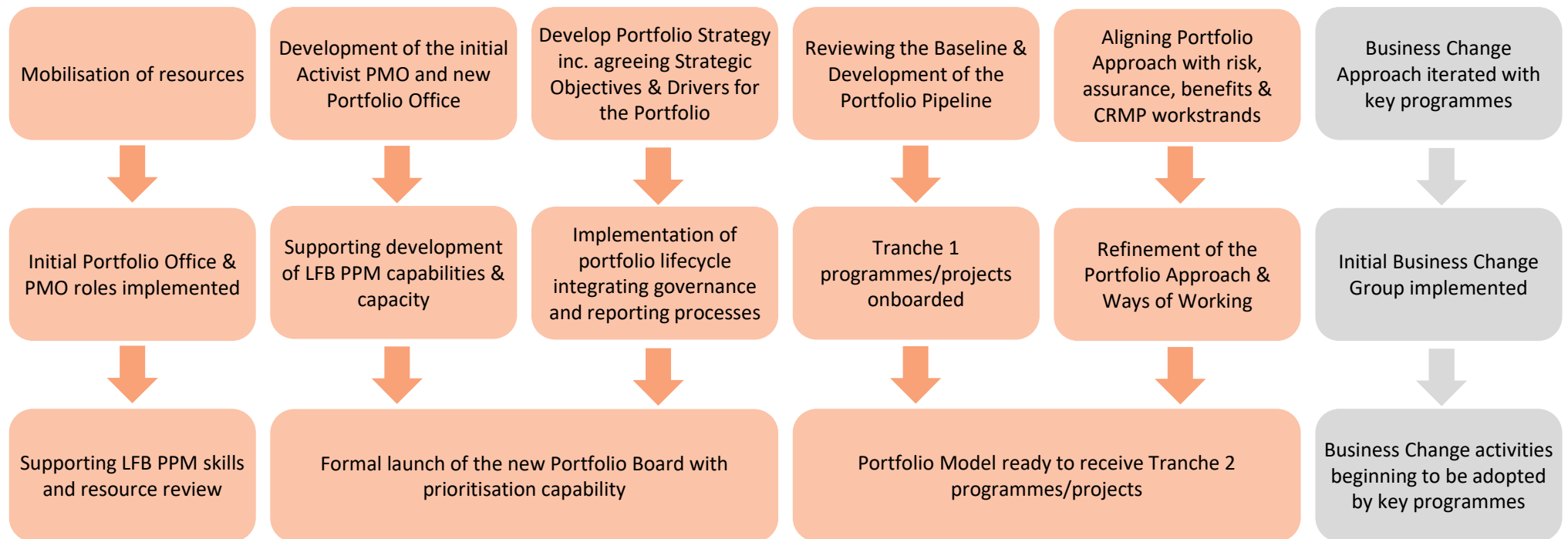
- Complete baseline of projects/programmes
- 2nd tranche projects/programmes onboarded
- Refined Governance processes
- Enhanced Portfolio reporting processes implemented
- Portfolio Prioritisation process updated
- Portfolio gateway processes implemented
- Management information scoped and piloted
- Benefits tracking implemented
- Change Management tracking implemented

Phase 3

- 3rd tranche projects/programmes onboarded (in line with CRMP)
- Reviewed Portfolio model
- Refine process, guidance and tools
- Benefits tracking and realisation active
- Continue Change Management activity

Implementing the changes: Activities in Mobilisation and Phase 1

The Initiation and Phase 1 activities outlined before look to deliver a number of outcomes in relation to the Portfolio Approach. The diagram below provides an overview of the activities and the outcomes which they will enable.



Anticipated costs

Implementing Portfolio management will involve cash cost, opportunity cost and effort, but our judgement is that this is necessary and the investment will represent very good value:

- 1. Putting in place more consistent better resourced PPM processes at Service and Directorate level.** This is probably the largest cost, but also the easiest to justify and one that LFB has already recognised in its planned work on the PPM skills gaps. LFB is delivering increasingly complex projects and programmes and these PPM resources would be required to manage the associated risks regardless of whether Portfolio management was being implemented.
- 2. Creating an Activist PMO.** This builds from the investment in PPM skills at Service and Directorate level. The level of cost depends on how much support Project and Programme managers will need and on the size and complexity of the Portfolio. However, given the complexity of future work and the potential cost of failure the value argument seems clear.
- 3. Creating a new Portfolio Office function.** This is a relatively small but important investment. Having the capacity to manage the business of the Portfolio Board and other boards effectively it has the potential to significantly reduce the effort expended by the Senior Management teams and multiply the impact of the Portfolio and Portfolio Board. Initially we anticipate this can be covered by an existing post but will need to review mid year with the anticipated increase in workload as the portfolio grows.
- 4. Recruiting Business Change Managers into Programmes and Portfolio Business Change support.** Launching the initial business change approach across LFB will require specialist resources to support programmes to implement the approach. This FTE requirement is expected to grow over the next 12 months whilst adoption expands across LFB. Initially we anticipate one FTP post to support Business Change to sit in the Transformation Directorate. Each major programme should also consider how they will resource Business Change Managers over Phase 1.

The exact costs will not be apparent until implementation work starts and the size and complexity of the Portfolio is clearer and it is likely that the investment will be incremental. However, it seems clear that a very strong value argument can be made for all of these investments.

Approvals sought from the Board

Approval is sought for the following:

- i) **Adoption of the proposed portfolio and business change approaches and implementation plan.** The slides which follow provide a summary of the analysis and the proposed approach to implementing portfolio management including a timeline.
- ii) **Development of the current Programme Management Office (PMO) into an 'activist' PMO.** This is a key element of implementation, it will be an iterative process, but the first step will be to reallocate existing PMO personnel and resources to create the foundations of an 'activist' PMO which is a key element of the proposed implementation approach.
- iii) **Creation of a Portfolio Office (PO) function.** This is another key element of implementation and the first step will be to create a formal role to support the change.

The iterative nature of the proposed approach means that further board updates will be provided regularly and approvals sought where additional resources and/or decisions on priority, alignment and direction are required.

In particular we anticipate returning to the Board mid year to offer options on the pace of implementation and prioritisation.

THE PROPOSED BLUEPRINT FOR PORTFOLIO MANAGEMENT

The following slides set out the analysis and proposed approach including a timeline.

We have also produced a 'Portfolio Management Toolkit' to assist with the implementation of portfolio management and number of detailed annexes covering PPM processes, Governance processes, assessing and prioritising projects and programmes within the portfolio context and managing the portfolio

What is Portfolio management

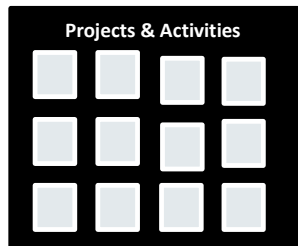
Portfolio management is a method for understanding and managing the totality of what an organisation's activities, projects and programmes will achieve in terms of end outcomes and the resources being applied to do this:

- **Projects** are a temporary endeavour to create a unique product, service or result (for example buying a new vehicle or set of vehicles or changing from one web provider to another). Project management is **focused on are we doing things** and involves a relatively small group of stakeholders.
- **Programmes** are a set of interrelated projects managed in a coordinated way to achieve business objectives, benefits and more complex sets of outcomes (for example implementing a new information management approach or changing skills and behaviours across a whole organisation). Programme management is **focused on realising the benefits** and cuts across several groups of stakeholders.
- **Portfolios** are a group of programmes and/or projects managed in a coordinated way to support business strategy and to deliver benefits in line with strategic objectives. Portfolio management is **focused on doing the right things** and looks at the totality of the activities an organisation is involved in which are aiming to achieve a set of high level outcomes. In the case of LFB these are the activities associated with the Transformation Delivery Plan, commitments linked to GTI and HMI and the future Community Risk Management Plan (CRMP) e.g. what changes LFB needs to implement to deliver current change objectives and position itself for future challenges.

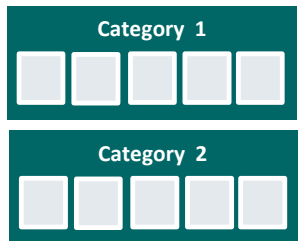
Portfolio management is a strategic tool, its aim is to form a holistic understanding of an organisation's activities which helps senior decision makers make better decisions and achieve better outcomes.

It also provides a much clearer understanding to internal and external stakeholders regarding what their role is in achieving the end outcomes and what benefits they should anticipate from each activity.

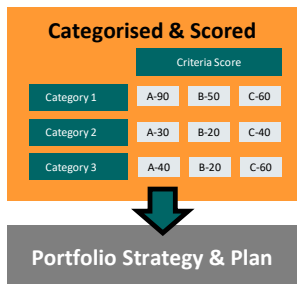
What Portfolio management means for LFB



The portfolio process will identify all change activities and link them to the strategic objectives



The portfolio process will group projects, programmes and other initiatives into logical themes which have owners and a mechanism for coordinating work and decisions



The portfolio process will bring this information together to create 'The Portfolio' which will link objectives, activities and outcomes across all LFB change activity

LFB has ~30 projects & programmes that are regularly reported to the senior team and **several hundred change activities that are in progress but not classified as projects or programmes.** Gaining visibility of these 'non project' change activities as well as the larger higher profile projects and programmes and coordinating and prioritising them is critically important for LFB

Currently these linkages are often not obvious and projects and programmes tend to be managed in 'stove pipes' where their role in delivering wider objectives is not obvious

This Portfolio forms the basis for decision making in terms of high level risk management, prioritisation, strategy development and communicating the LFB plan to internal and external stakeholders. It is also a critical tool for responding to change in an agile way and ensuring LFB remains aligned with its objectives even when these change

The challenge of implementing Portfolio Management

In the course of our engagement and analysis work it has also become clear that while portfolio management is needed and will bring major benefits to LFB and the communities it serves, but there are some major challenges:

- 1. LFB is already delivering a large programme of change.** The organisation is implementing changes in response to GTI, HMI findings and its TDP and is at risk of running out of change capacity.
- 2. Change has to be delivered in addition to Business as Usual (BAU) tasks and** this now includes the additional demands that dealing with the Covid Pandemic and supporting the wider pandemic response has placed on LFB.
- 3. Portfolio management requires additional skills and resources** which will take time to put in place if they are to be sustainable and will be in competition with other urgent tasks for limited resources .

This has resulted in us recommending a phased approach to implementation where Services and Directorates work in partnership with the proposed new PMO, PO and Portfolio Board to develop the skills and resources needed and implement the changes

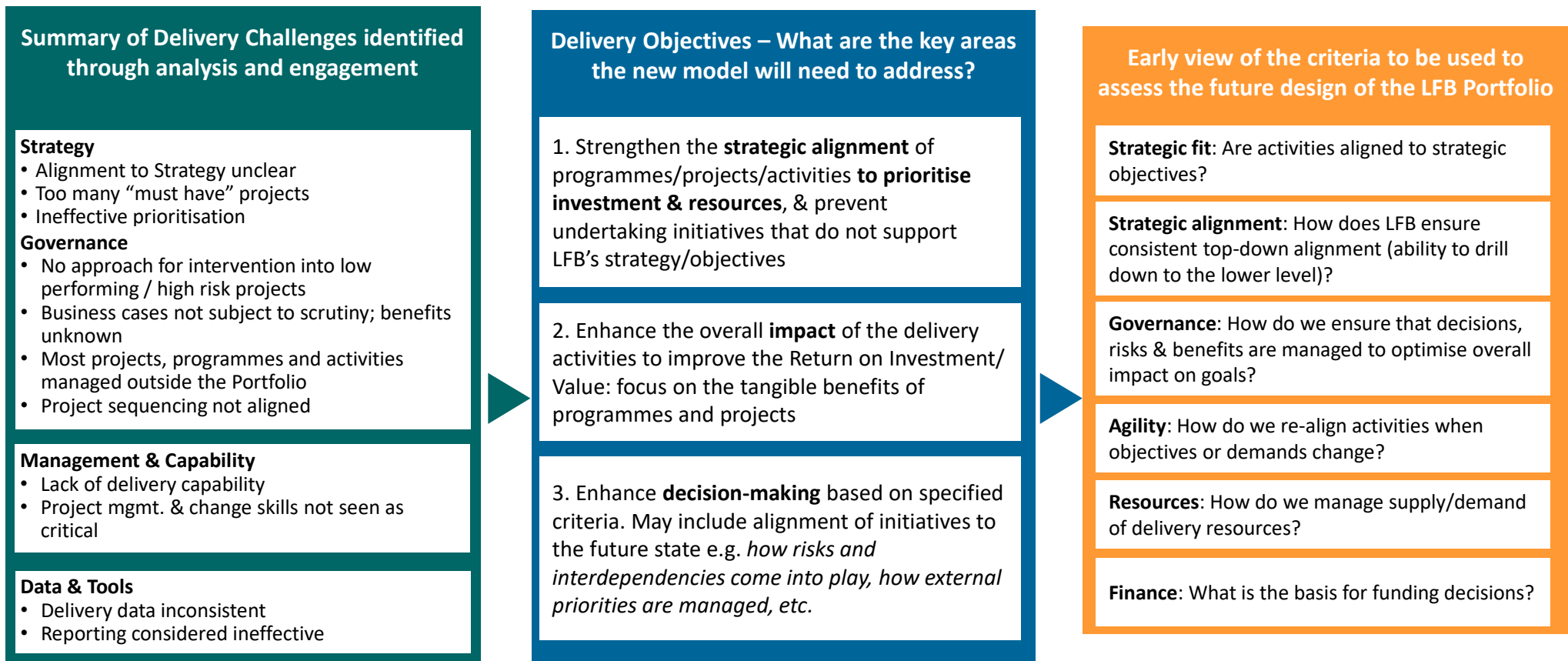
Anticipated Benefits

The ultimate benefit that Portfolio Management aims to deliver is **safer communities** and the following are intermediate benefits in delivering this:

- 1. Stronger and clearer strategic alignment.** The Portfolio process provides a mechanism for senior leaders to understand how activities and resource use links to strategic outcomes. It does this in a dynamic way and gives ‘real time’ information on progress and risk against delivery of outcomes. This helps senior leaders identify the actions needed to deliver objectives and maintain strategic alignment and ensure optimum use of available resources if objectives, assumptions or circumstances change.
- 2. Enhanced overall impact of the delivery activities.** The Portfolio process and stronger programme management ‘joins up’ projects and programmes into coherent groupings **making management of complex and cross-cutting programmes** easier. This greater ability to manage complexity allows LFB to work in a more agile way to deliver greater impact and value for money.
- 3. Better governance and decision making.** More PPM resource and skills plus more consistent governance process will mean consistently better project and programme information and outcomes. This is a benefit in its own right, but is also a critical enabler for the other benefits listed above as it provides the management information needed for strategic decisions and also reduces the senior teams need to get involved in delivery processes allowing them to focus on strategic issues.

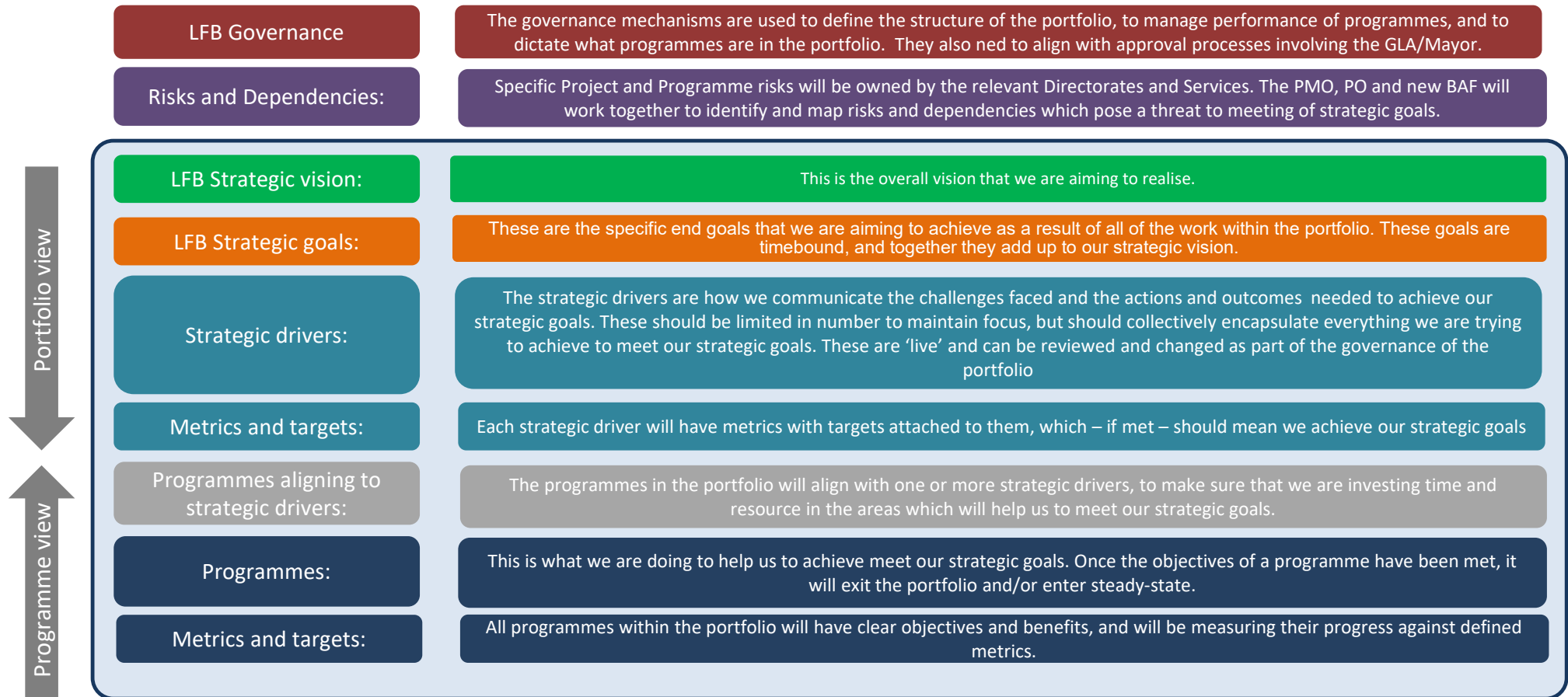
Delivery Challenges Identified

The following tables provide an overview of the delivery challenges we are addressing and were developed from existing analysis work our initial exploration work and the workshops and interviews we have conducted



The Methodology

The figure below provides an overview of the methodology we are applying and its components



HOW THE PORTFOLIO PROCESS WORKS

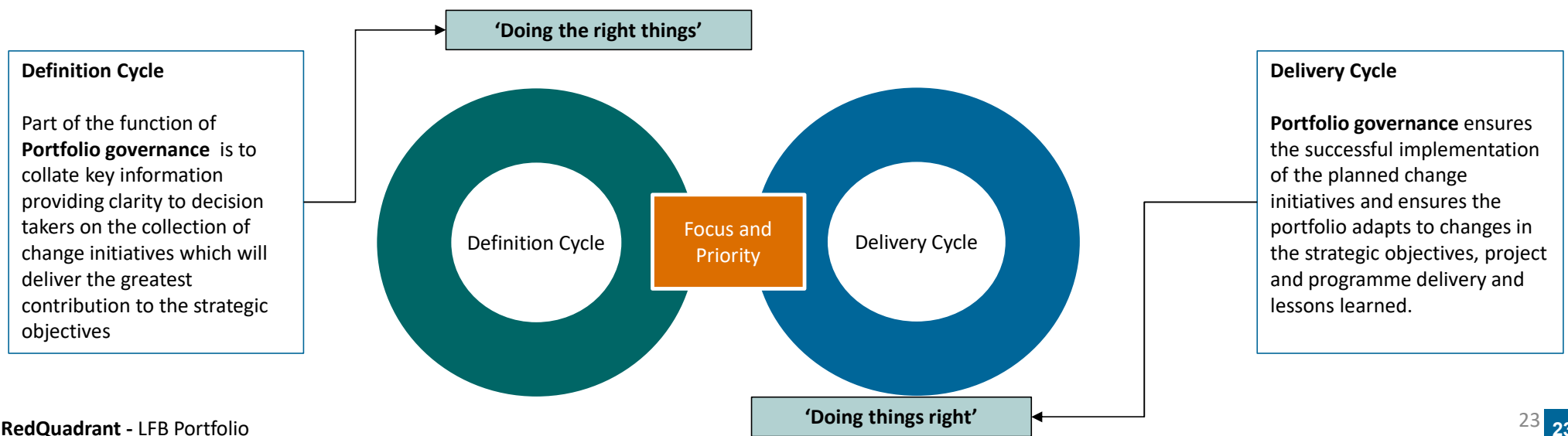
At a high level the Portfolio process is about creating a tool for linking outcomes to the potentially very complex sets of projects and programmes in ways that provide clear insight, support good decision making and provides a means of control

Please also refer to Annex 1 LFB Portfolio PPM and Governance.ppt

Portfolio Definition and Delivery as a process

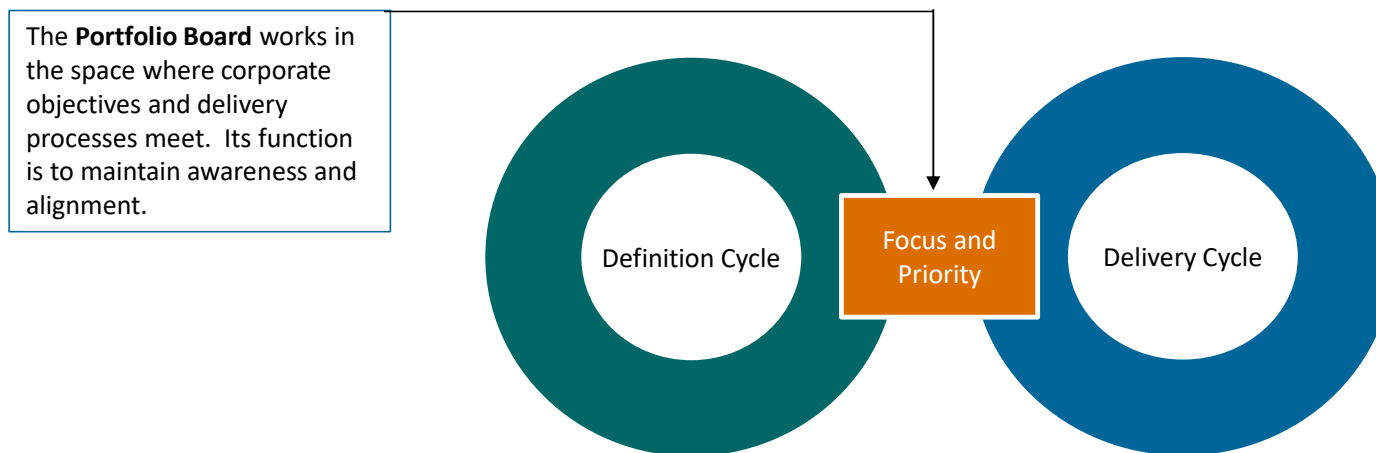
Portfolio management supports effective governance and better outcomes by linking delivery of the organisation’s strategic objectives with the activities, projects and programmes it is investing time and effort into by answering the following questions:

1. **‘Are we doing the right things’** this involves providing clarity to decision makers on whether the Portfolio of actions, projects and programmes has the potential to deliver the strategic objectives.
2. **‘Are we doing things right’** this involves testing whether the specific project and programme delivery processes are in place to safely deliver the outcomes required.
3. **‘Is the focus and priority right’** this links objectives and actions in a dynamic and adaptive way and looks at whether the Portfolio will deliver the optimum outcomes and whether it represents best use of available resources. This includes understanding and managing risk.



Portfolio Board and Office: Roles and responsibilities

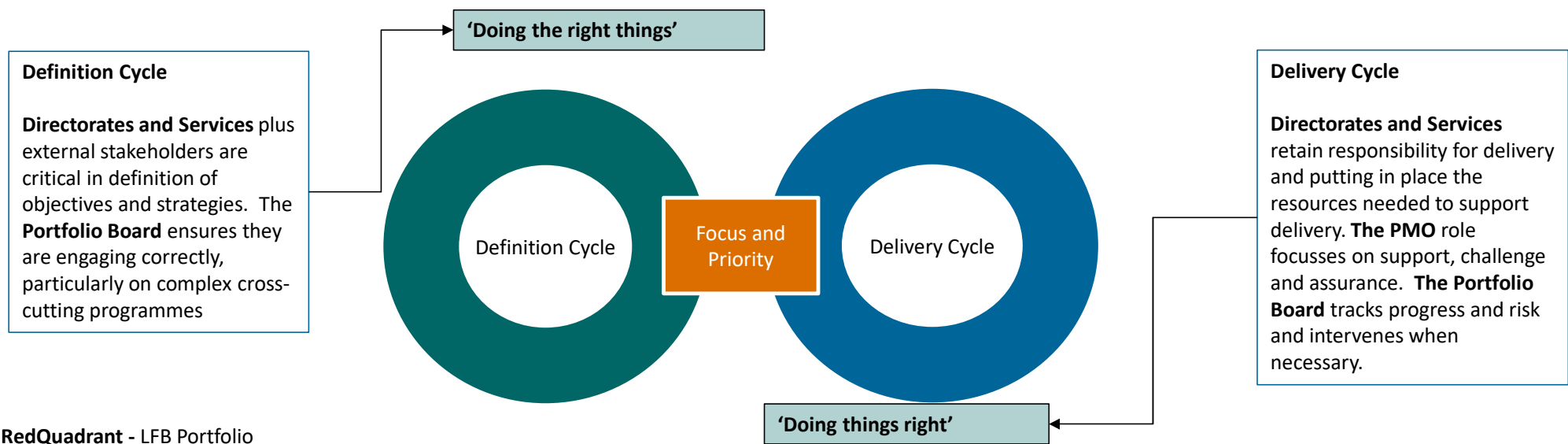
1. The proposed role of the **Portfolio Board**, will be one of oversight, it will not be responsible for delivery but will exert its influence through the gateway review processes which overlay project and programme management practices across the organisation or directly with project and programme owners. Its key roles will be in forming a holistic picture of activities and progress in delivery of outcomes and providing both challenge and support to those engaged in decision making and delivery including providing information and insight to senior decision makers.
2. The **Portfolio Office (PO)** will help the Portfolio Board make decisions by providing it with an accurate and detailed view of progress against the strategic objectives. It administers the **Portfolio Board** processes and coordinates activity with other Boards. It looks at future issues and opportunities as well as current needs. It works closely with the **PMO and BAF** and is a key stakeholder in **Business Change**. The minimum size of the PO is likely to be one full time person to support the Portfolio Board as it establishes its role and this would need regular review as the scope of work becomes clearer.



Directorates and Services: Roles and Responsibilities

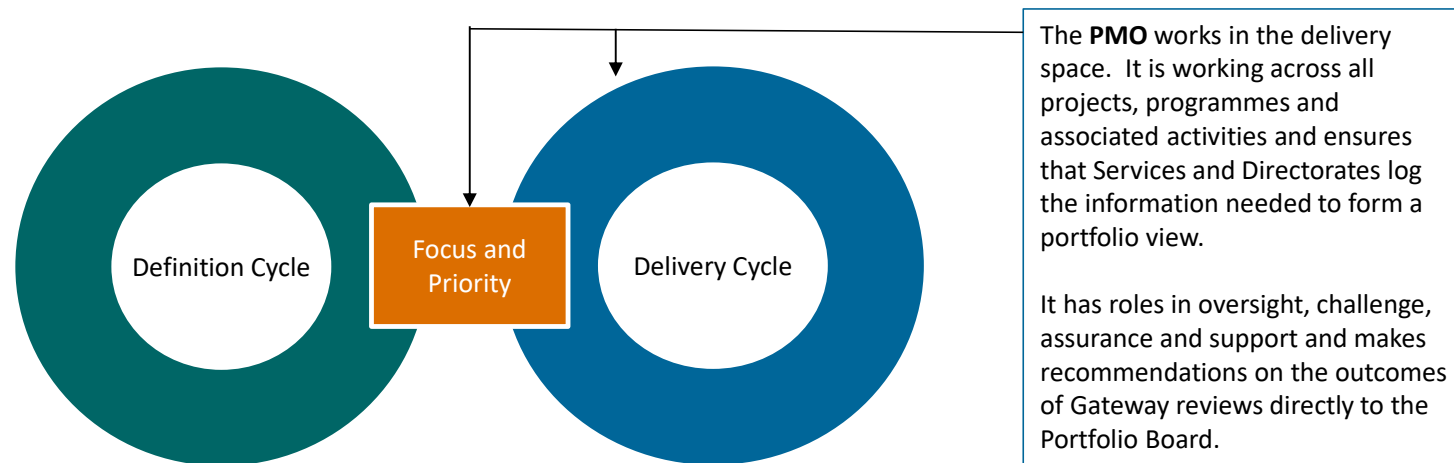
There will be strong 'activist' PMO working with the BAF and a Portfolio Board monitoring and progress; but ownership of delivery and management of risks and benefits stays with Directorates and Services. **Directorates and Services will need to provide necessary project and programme management to support portfolio management. For cross cutting programmes they will need to take much clearer ownership and appoint programme managers and SRO's to coordinate work including reporting and management of progress, risk and benefits.**

The **Portfolio Board, PO, BAF and PMO** will provide advice to the Senior team relating to the Portfolio and delivery of strategic objectives, but they will never 'own' individual projects or programmes, their aim is to achieve the necessary holistic view, focus on strategic outcomes and prioritisation as well as flagging the need for additional intervention if it identifies the need for projects and programmes.



Programme Management Office (PMO): Roles and responsibilities

1. The proposed role of **the activist PMO**, will be one of assurance, challenge and support. The PMO will be tasked with ensuring that all projects and programmes provide the information needed to create a portfolio view of LFB activities. It will also be tasked with oversight of the implementation of project and programme management including selection of appropriate methodologies and correct execution of approvals and gateways. It will need to **work very closely with the BAF** team and detailed roles will need to be agreed as part of implementing change.
2. The Services and Directorates always maintain ownership of projects and programmes and have responsibility for managing risks and benefits as well as assurance and delivering outputs. However, the PMO will play a vital role in driving change as it will offer an independent means of validating what Services and Directorates are doing as well as a source of advice and support. This will be particularly important in ensuring that gateways are used correctly and governance and PPM processes are aligned.



HOW THE GOVERNANCE PROCESS WORKS

The governance processes within LFB are vitally important as they are the means through which decisions are made, the Portfolio process must connect to these governance processes and help decision makers make better informed and aligned decisions

Please also refer to Annex 1 LFB Portfolio PPM and Governance.ppt

Governance: LFB in context

One of the first issues which was apparent from our analysis was that LFB is constrained by the governance structures it sits within:

- 1. While LFB has clear responsibilities on delivering community safety its delegated financial authority is limited.** This implies limited ability to implement change without gaining financial approval as most change requires funding.
- 2. Approval for items over £150K is required from the GLA/Mayor.** This implies complexity in terms of having to meet the needs of external stakeholders on often complex issues.
- 3. Approvals can be time consuming and could hamper change.** Having to gain approval from external stakeholders for relatively low value investments (£150K) implies that the process could delay implementation of change.

While this situation is unlikely to change in terms of approvals limits and GLA processes, the portfolio process has the potential to support better communication of proposals as it links individual funding proposals to outcomes and also groups outcomes together and links them to objectives.

Governance: GLA/Mayoral approvals

In communicating with and influencing external stakeholder portfolio management can provide:

- Greater ability to **communicate the programmes of work being planned and implemented and how these support strategic objectives, particularly being able to frame them in terms of outcomes**
- Greater **clarity on prioritisation** and use of resources in delivering outcomes
- Better **understanding of the limits of what can be provided** within available resources and the political and operational decisions linked to this in particular trade-offs

In principle these all have the ability to support more useful discussions with the Mayor and GLA.

Governance: GLA/Mayoral approvals and LFB processes

Introducing portfolio management presents an opportunity to review approvals processes alongside changes to internal LFB governance and PPM processes to address the following:

- 1. Maintaining a coherent portfolio and forward plan.** If the portfolio is to be delivered to schedule it requires timely financial approval and this implies being able to plan ahead and seek necessary approvals early enough to accommodate the time the approvals process takes. Similarly LFB must be able to articulate proposals to the GLA/Mayor. This implies having a clear forward plan and coordinating the approvals needed to deliver it.
- 2. Maintaining clear and coherent ownership of projects and programmes.** The changes proposed to PPM as well as risk and assurance mean shifting more responsibility to the Services and Directorates who will be managing delivery. This implies they will also need more involvement in supporting the approvals process including planning the timings and drafting the submissions.
- 3. Aligning and simplifying PPM and Approvals processes.** There is also an opportunity for aligning the approvals processes with the early stages of project/programme cycle and associated processes. This has the potential to reduce overall work and ensure projects complete both in a timely way.

These are issues that cannot yet be resolved as the planned governance review has not been completed and new PMO, PO and PPM processes have not been established.

If the Blueprint is approved it is proposed that the new PMO and PO work with the governance review process and come back to Portfolio Board with proposals for alignment in June 2021.

Internal governance: Current structures and systems

Challenges and reforms

The challenges identified within the current corporate structures have been considered alongside the April 2018 and March 2020 governance reforms and the revised scheme of delegation.

From our desktop analysis, including a review of ToRs and interviews with key stakeholders and workshops our view is:

- Although the new governance arrangements have been successfully implemented, they are still in the early stages of maturity and as yet are not adding value to the larger governance and assurance requirements.
- The new arrangements identified the development of annual corporate delivery plans which remain a work in progress.
- There remain issues of willingness and ability to delegate authority and lack of clarity on ownership.

This all potentially impacts on Portfolio management and developing a comprehensive picture of Business Change within LFB and implies a need for convergence of the governance and portfolio processes in the final delivery model for LFB.

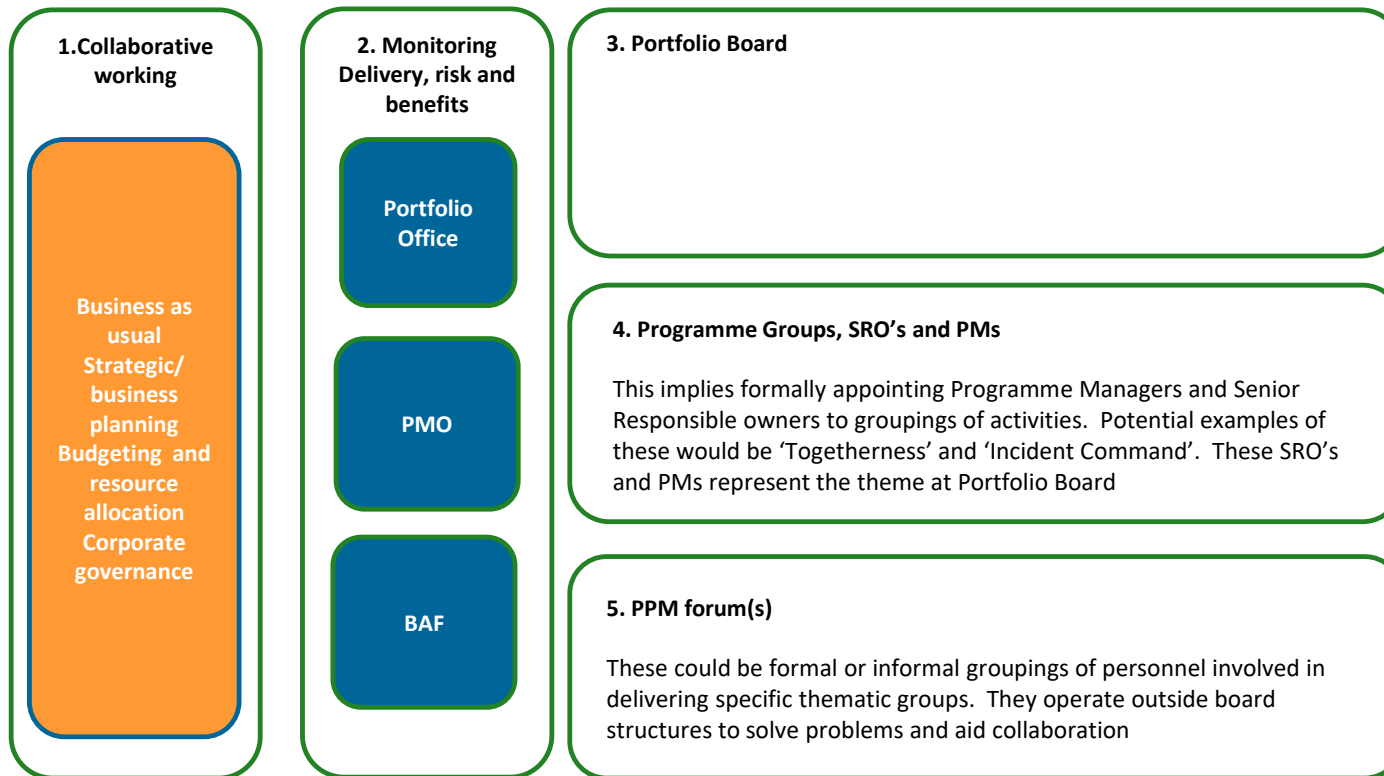
Internal governance: Business Assurance Framework (BAF)

Work is currently in progress to develop a Business Assurance Framework (BAF) and team to administer this framework. While the structure of the PMO and wider Transformation Directorate is under review it is not possible to make detailed recommendations on how the BAF, PMO and PO are structured, but the following criteria are suggested for creating these structures:

- **The BAF, PO and PMO functions should all sit within the Transformation Directorate.** This will better support the Portfolio Board in terms of creating a coherent picture of the Portfolio and being able to take action if things are not aligning.
- **The BAF, PO and PMO functions should work together to minimise the information requests going to teams,** minimise duplication of reporting and maximise sharing and use of information. Similarly they need to reach a coherent consensus view on the requirement for reporting ICT systems.
- **There needs to be clarity of responsibility regarding what the BAF and PMO bring to gateways** and how teams engage with them as well as what they report to the Portfolio Board.

While there are no obvious conflicts between the PMO and a BAF team, work will be required to ensure they work together in a harmonious and efficient way.

Developing a LFB Governance Model that supports Portfolio Management



The diagram describes how we propose the functions needed for a Project, Programme and Portfolio Office (P3O) structure are implemented for LFB

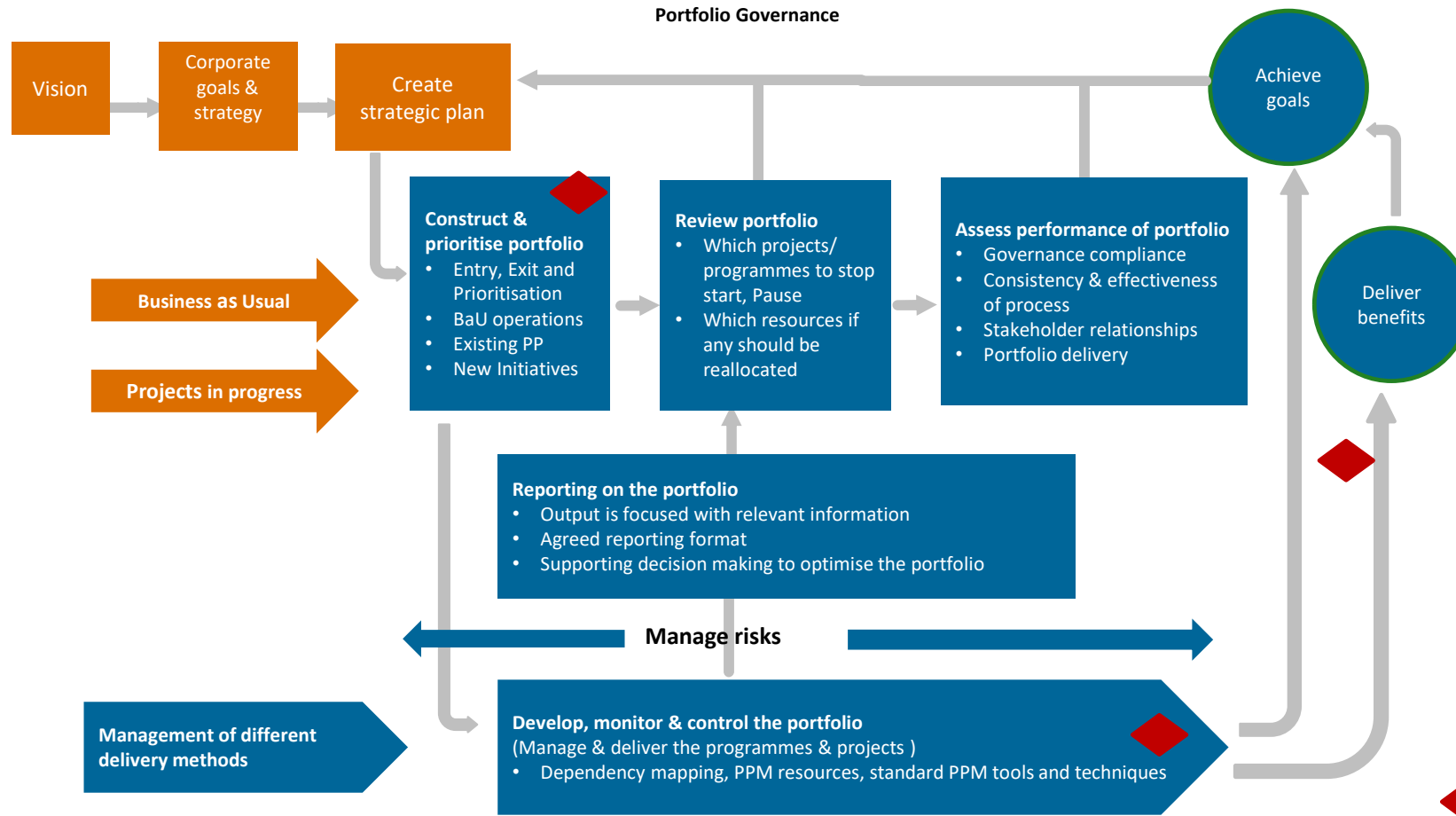
This starts from a 'gold standard' P3O model and then scales it to fit the size and complexity of the LFB Portfolio

The programme teams cut across multiple Services and Directorates. They are accountable to existing Service or Directorate Boards for gateway approvals.

This is explained more fully in the implementation guide and the worked examples later in this deck

Delivery Model: Portfolio Management Framework

The Portfolio management framework should be part of the organisations business planning and delivery process. The framework diagram shows the business cycle of processes from vision through to achievement of the goals and the delivery strategy. This is an iterative process



The Vision, corporate goals and strategy need to be defined and communicated clearly.

This includes the metrics that will be used, so we know when we have achieved those strategic goals and the priority of those goals in relation to each other.

◆ Gateway Reviews

Implications of the proposed model for Governance

1. **Workload for Existing Boards** will reduce but the boards will need to adopt formal gateway processes. Boards will intervene less frequently, but make clearer decisions and set much clearer parameters when they do. This implies a need for much more detailed proposals including risk and benefits analysis and delivery plans at these gateways and then delegation of authority to the project or programme team to deliver the approved proposals.
2. **The involvement of the PMO, BAF and Portfolio Office** will be mandated at Gateways where they will make formal recommendations on the fitness of the project or programmes to pass the gateway. In all cases the PMO, BAF and PO would work with project owners to determine the lowest levels of involvement needed for successful delivery.
3. **The Portfolio Board** will have visibility of and influence over all LFB projects and programmes through the PMO and PO from early pre-initiation development stages, it will have the ability to call in projects and programmes for review and its views will be sought at all gateways for significant projects and programmes.
4. **The creation of Programme Groups with SRO's and PMs with delegated authority** will be used as a means of aligning cross-cutting and complex programmes. Responsibility for creating and managing these groups lie with the Directorate and Service most appropriate for the theme. Wherever possible issues will be resolved by the group outside of boards. Gateways will be managed by the 'owning' board to remove the need for involvement of multiple boards on cross-cutting programmes.
5. **PPM forum(s)**. This is a way of working rather than a formal group, it will act as a means of resolving issues and solving problems outside boards and will probably require coaching and business change support to work effectively.

Governance Actions Required

- 1. Review of Board Terms of Reference (TORs) and roles.** Having reviewed TORs we believe there is a need to review all LFB Board TORs following the creation of the Portfolio Board to support new ways of working. In particular clarifying the role of Directorates and Services as Project and Programme owners, clarifying how they work with each other to deliver outcomes and clarifying the role of the Portfolio Board in strategic alignment and management of corporate level risk. This includes review of how LFB processes for GLA/Mayoral approvals work and aligning these with PPM and portfolio processes. **The current work reviewing LFB governance offers an opportunity to do this.**
- 2. Changing how individual Boards manage Projects and Programmes.** There is currently no common process by which Boards apply PPM process and specifically gateways to projects and programmes. There is a need to formally embed common processes, particularly the role of gateways and stakeholder engagement, in how Boards and approvals work. There is also a need to implement common processes that support delegation to project and programme delivery teams and collaborative working e.g. setting of clear objectives and boundaries to gateway approvals.
- 3. Culture and Behaviours.** There is significant anecdotal evidence that senior personnel and boards have difficulty delegating decisions to project and programme teams. Improving PPM skills, processes and capacity should make delegation possible and much less risky. However, we believe that work will also be needed on changing behaviours and cultures in relation to delegation and the reporting and management of risk. This includes fostering greater understanding and use of PPM processes including risk and benefit management, greater willingness of leaders to lead and manage rather than 'do' and greater willingness to take ownership and solve problems at delivery team level.

This is explained more fully in the LFB Portfolio Management Toolkit v 1.doc and the worked examples in the annex.

HOW THE PPM PROCESS WORKS

The PPM processes employed within LFB are the mechanisms through which control is exercised, they keep decision makers informed and provide opportunities for intervention

Changes in Project and Programme Management

The proposed changes in PPM link to the proposed changes in governance and are essential enablers for Portfolio management and will require LFB to have in place:

- 1. The skills needed to apply PPM methodology.** In particular having the skills necessary to create and manage programmes of work that involve multiple projects is essential and applies structure and governance to the Portfolio. This includes the skills at leadership level needed to exploit PPM, BAF and Portfolio methodologies and the opportunities they provide to define tasks and delegate them.
- 2. PPM processes that link to governance processes and support effective delivery.** If governance is to work effectively it has to be provided with opportunities to engage with delivery through gateway processes. It also requires the PPM processes to provide decision makers with the information they need to make sound decisions at these gateways
- 3. Sufficient resources to execute these processes.** If the portfolio is larger than the capacity to manage it, then it is likely to struggle to deliver the intended outcomes. This implies a need to assess the capacity LFB has to deliver projects and programmes and ensure that all projects and programmes are adequately supported in terms of PPM and governance. *This has already been recognised in the prioritisation work LFB has undertaken and willingness to postpone work*

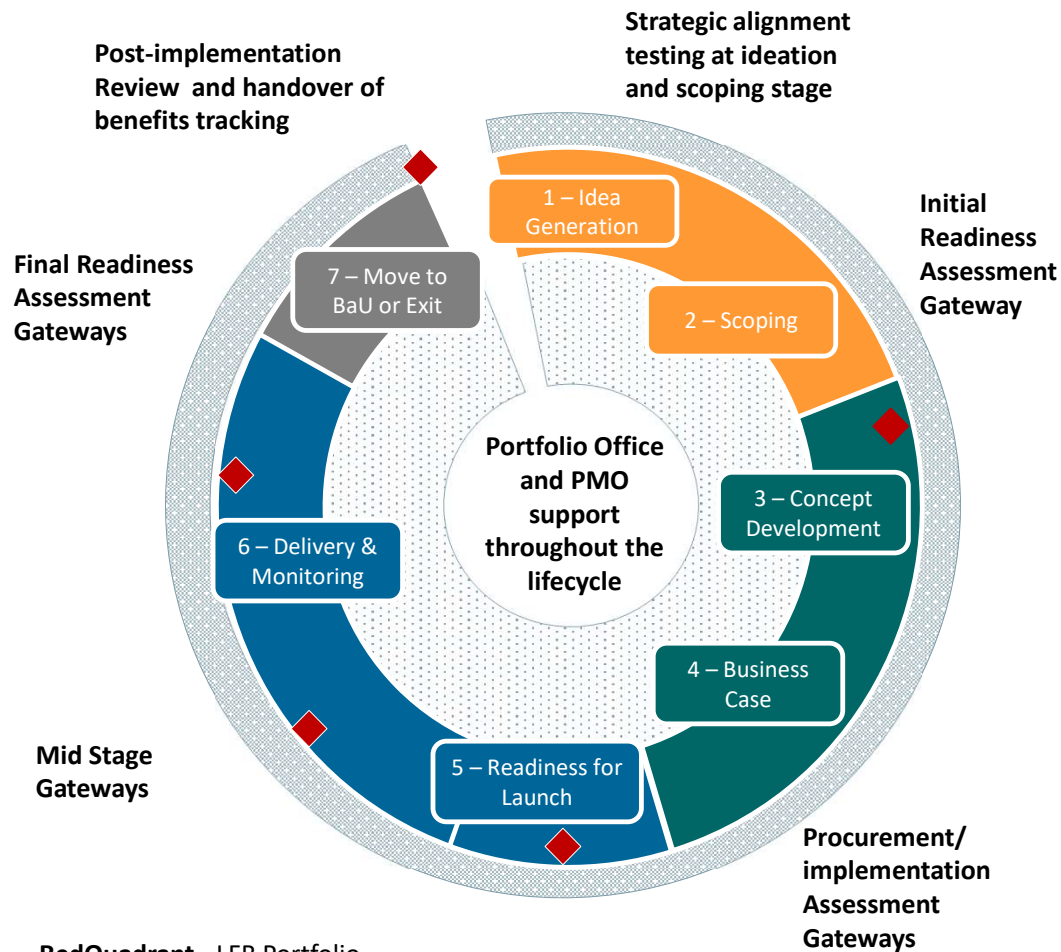
In order to achieve these things some significant changes will be needed to current PPM arrangements

Having a formal delivery cycle

In order to support Portfolio management it is vital that LFB adopts common minimum standards for project and programme delivery:

- 1. Methodology.** Currently LFB does not have a set of common minimum standards for PPM processes or documentation. Given the variety of projects and programmes LFB delivers it is likely to need several different methodologies e.g. Agile, PRINCE2, MSP or specialist ICT methodologies. However, all of these methodologies will follow the common principle of having a delivery cycle with phases of scoping, solution development, implementation and closure. **They also generate the documents and data that are needed to structure and manage a Portfolio**
- 2. Gateways.** Currently approvals can be ad-hoc and after initial financial approval there may be no further formal review. All methodologies will have gateway processes embedded and proper use of gateways must be a condition of a project continuing. These gateways need to be embedded in governance processes and in particular used to test the health of the project or programme and its alignment with strategic objectives. **These gateways provide the opportunities to influence that Portfolio management needs in order to maintain alignment and manage strategic risk**
- 3. Stakeholder involvement.** Currently stakeholder involvement can be ad-hoc, particularly in early idea development and solution development stages, we recommend new processes have a particular focus on stakeholder engagement to ensure that front line teams have a voice and that issues are flagged at the earliest point in the cycle. **Greater stakeholder engagement early in the cycle should reduce the need for Portfolio Board intervention during delivery**

Having a formal delivery cycle



This diagram shows a generic delivery cycle which is valid for both projects and programmes and involves:

- 1. Methodology.** Agile, PRINCE2, MSP or other methods can all be mapped to the phases shown. The key requirement is that the 'owner' selects an appropriate methodology and completes each phase including the validation and testing against strategic goals during scoping
- 2. Gateways.** All methodologies will have gateway processes embedded and proper completion of gateways must be a condition of a project continuing. For programmes there will be two levels of gateways, those for individual Projects and those for the Programme. These are key points at which influence can be exercised
- 3. Stakeholder involvement.** We recommend new processes have a particular focus on stakeholder engagement at idea development and initiation. This implies engagement outside of the formal gateway to ensure consensus support before the first formal gateway is reached. Appointment of SROs and Programme managers will help ensure coordination and engagement

PPM Model: Implications for Delivery

- 1. PPM resource.** There will clearly be a need for more skilled project managers and a particular need to develop programme management skills and resources. There will also be a need to consider the way uniformed officers are used to fill these roles.
- 2. The relationship between Boards and the PMO will change significantly.** An Activist PMO, will have formal roles in local governance processes and their involvement will be required at Gateways to assess plans and proposals, this changes the way Directorate, Service and Project Boards manage their business and engage with the PMO.
- 3. Behaviour change.** In order to implement the changes needed in PPM there will need to be significant changes in behaviours and cultures at Service and Directorate levels. Specifically there will be a need to develop a cadre of skilled project and programme managers and a willingness to delegate responsibility and authority for delivery to them.
- 4. Realism on the size of the Portfolio.** Our work supports existing LFB conclusions that it may already be over-committed on projects and programmes and that there is a need to review and prioritise commitments including pausing or cancelling projects and programmes.

PPM Delivery Actions Required

- 1. PPM skills and resource review.** LFB is already commissioning separate work to quantify PPM skills gaps. We recommend this skills gap work quantifies the PPM resource available, how to reconcile BAU demands with delivery and considers how to reconcile the need for PPM specialists with the use of uniformed personnel in these roles. There may also be a need to find interim support to fill gaps until in-house capacity has been developed.
- 2. The change in relationships with the PMO needs to be reflected in Service and Directorate processes.** An Activist PMO, will have formal roles in Gateways to validate plans and proposals this changes the way Directorate, Service and Project Boards manage their business, this needs to be reflected in local processes.
- 3. Behaviours and Culture.** Solving problems, stakeholder engagement and sharing experience is happening already in an ad-hoc way. This needs to be fostered via business change processes that allow lessons to be learned from what's working and programme managers, plus leadership, may need coaching in adopting new PPM skills and ways of working.
- 4. Reviewing the baseline.** Our work supports existing LFB conclusions that LFB may already be over-committed on projects and programmes and that there is a need to review, prioritise commitments and pause or cancel work as part of implementing a Portfolio approach. This needs to happen as part of the Portfolio formation to ensure the Portfolio is viable and focusses on the strategically most important outcomes.

IMPLEMENTING CHANGE

While there are very strong value arguments for all of the recommendations being made, and strong pressures to implement them and see the benefits, it may simply not be possible to implement this using a 'big bang' approach, particularly while work on the BAF, governance and Transformation Directorate team structure is ongoing

What is recommended is a more iterative approach which aims to deliver ambitious but realistic and sustainable change

Implementing the changes

Our recommendation is that an iterative approach is adopted using 'tranches' of change focussing on moving whole themes of work into the Portfolio and then reviewing before the next tranche for the following reasons:

- 1. Services and Directorates will need time and support in implementing change.** There will be greater benefit in focussing support in specific areas to push it past the 'tipping point' and deliver sustainable change and then moving on, than in diluting the effort across all projects and programmes and potentially never reaching this 'tipping point' and seeing change stall.
- 2. It will take time to form an Activist PMO.** While existing PMO personnel have strong skills and deep experience in project management; it may take at least 2-3 months time to form a new PMO, further time to fully clarify the new PMO role, communicate this to stakeholders and put in place the first tranche of the Portfolio. This implies a need to match the growth of the PMO capability with the growth of the Portfolio to prevent it being overwhelmed.
- 3. It will take time to form a new Portfolio Office.** It may take several months to appoint personnel and/or move personnel from existing posts and these personnel will require a combination of Strategic, Portfolio and PPM skills as well as an understanding of LFB Boards and processes. Time will also be needed for the PO to 'orientate' itself in terms of portfolio priorities and other work streams.

This all implies that a realistic goal for setting up the new PMO and PO would be June 2021 and that it could be Autumn 2021 before Portfolio management is being fully applied to a first limited tranche of key programmes of work.

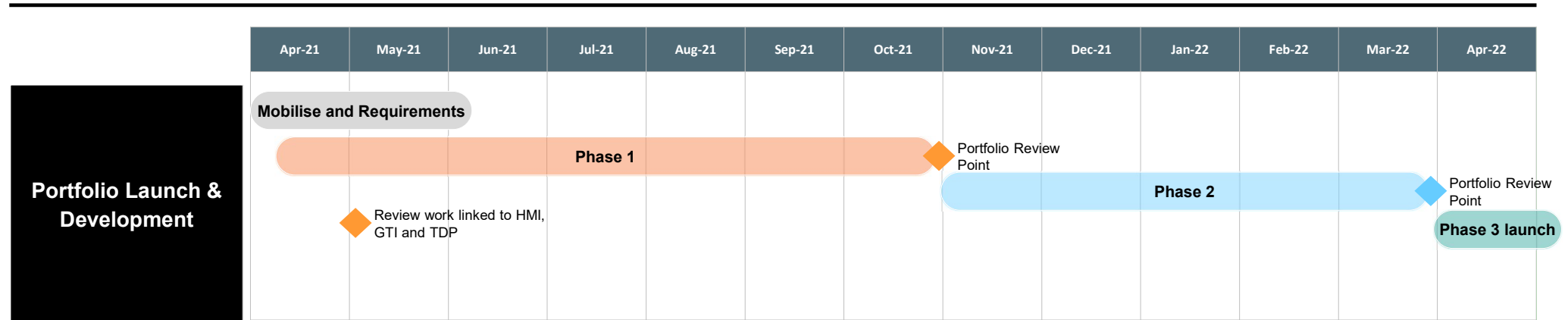
Implementing the changes: Creating roadmap

We have set out a more detailed timeline in our roadmap document which will be a living document and change as implementation continues, but the high level schedule proposed is as follows:

- 1. March to May 2021: Initiation.** This focusses largely on gaining stakeholder support, mobilising the resource needed to create an activist PMO and PO function and agree a detailed plan for the next 3, 6 and 12 months. There may also be a need for Services to start taking the actions needed to increase their PPM capacity from mid 2021 onwards in line with the phased plan
- 2. June to October 2021: Phase 1. Principles are being tested and groundwork is being done.** The aim is to 'on board' a first tranche of projects and programmes and in doing so develop the Portfolio approach and ways of working. This time will also be used to align the Portfolio plan with key work streams on risk, benefits, assurance and the emerging CRMP objectives. Services should have taken action to boost their PPM capabilities and the Portfolio process is being tested with live data.
- 3. Nov 2021 to March 2022. Phase 2. The model is being 'live tested', expanded and refined.** Second tranche of projects and programmes 'on boarded'. New reporting processes should be in place via InPhase and governance processes are being refined. Significant additional PPM capacity should become available.
- 4. April 2022 onwards: Review and expand.** The effectiveness of the Portfolio process is reviewed, another tranche of projects and programmes are on-boarded and plans are made to complete the process of implementation.

While there is a need to proceed at pace given the benefits this work will deliver, there is also a need to ensure the change is sustainable and does not have an unacceptable impact on BAU work.

High Level Portfolio Implementation Roadmap



Portfolio Launch & Development

- ### Requirements
- Agree strategic objectives/drivers
 - Approved Portfolio Strategy
 - Initial identification of current projects/programmes for Portfolio inclusion
 - Baseline projects/programmes
 - Approved Portfolio blueprint
 - Portfolio governance agreed
 - Initial Portfolio Office & PMO roles implemented
 - Initial Portfolio board
 - Initial prioritisation of Portfolio
 - Completed Portfolio Delivery Plan (including EIA)

- ### Phase 1
- Continue baselining projects/programmes
 - Review projects linked to HMI, GTI and TDP as a priority
 - 1st tranche projects/programmes onboarded
 - Portfolio interfaces confirmed
 - Portfolio governance operational
 - Portfolio Reporting processes active
 - Portfolio model tested with live data
 - Initial Change Management & Benefits Management processes launched

- ### Phase 2
- Complete baseline of projects/programmes
 - 2nd tranche projects/programmes onboarded
 - Refined Governance processes
 - Enhanced Portfolio reporting processes implemented
 - Portfolio Prioritisation process updated
 - Portfolio gateway processes implemented
 - Management information scoped and piloted
 - Benefits tracking implemented
 - Change Management tracking implemented

- ### Phase 3
- 3rd tranche projects/programmes onboarded (in line with CRMP)
 - Reviewed Portfolio model
 - Refine process, guidance and tools
 - Benefits tracking and realisation active
 - Continue Change Management activity

THE BUSINESS CHANGE PROPOSAL

Business change exists whenever an organisation undertakes a project or programme and happens when an organisation improves, restructures or transforms a part of its business.

In order to implement portfolio management and to ensure the success of some of the key projects and programmes LFB needs to implement there will be a need to focus effort on how business change is managed.

Please also refer to Annex 2 of the LFB Portfolio Management Toolkit

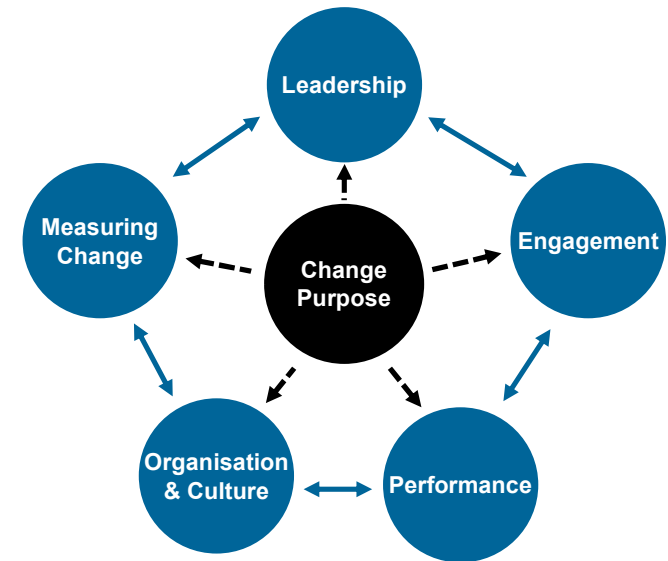
Implementing a business change approach into LFB

The LFB business change approach has been designed to support LFB in successfully delivering its change initiatives and will deliver the following objectives:

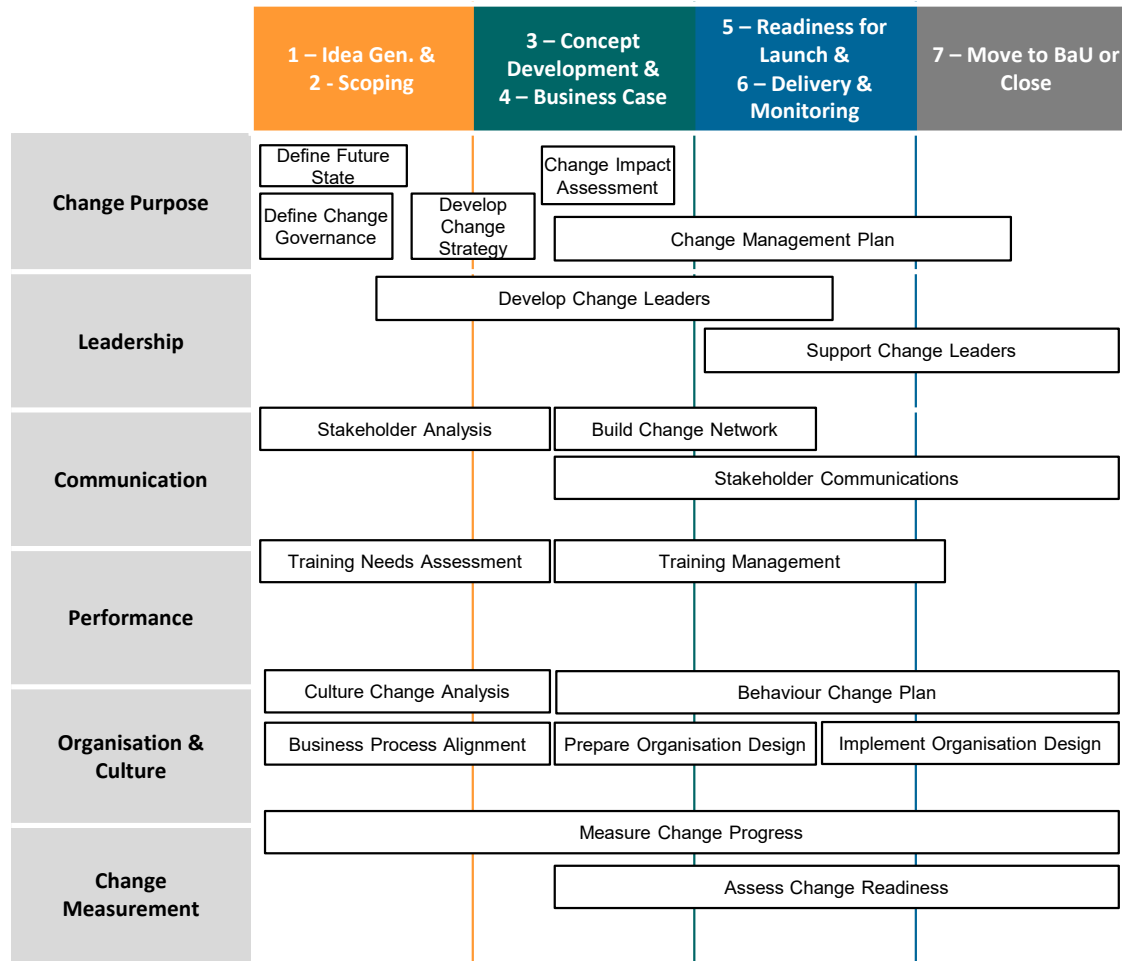
- **Drive change** by focusing on change strategy and planning
- **Release change** by supporting people to deliver the change vision
- **Ensure flexibility** in delivery of the approach
- **Ensure scalability** of the approach which can be applied in all change scenarios in LFB
- **Create a common language** and way of thinking about change across Programmes

The change approach is broken down into 6 key delivery strands in order to deliver these objectives:

1. **Change Purpose:** Developing a change strategy with a vision of the future environment and implications on the future state of LFB
2. **Leadership:** Developing processes to help leaders create a shared vision, gain commitment and lead teams through change
3. **Engagement:** Ensuring the right message is delivered by the right people at the right time using the most appropriate method
4. **Performance:** Identifying and managing changes to 'ways of working', training needs and performance management
5. **Organisation & Culture:** Identifying the implications of change activities on the org structure, roles, responsibilities and culture
6. **Measuring Change:** Measuring and tracking progress of change against benefit realisation



Portfolio Lifecycle and Business Change Approach



RedQuadrant - LFB Portfolio

The business change approach is aligned to the delivery lifecycle and provides guidance to the PMO on which change activities programmes should focus on at each stage of the lifecycle.

Business Change activities will be delivered across the Portfolio, Programmes and Projects

The Portfolio Office will maintain a portfolio view of change load on the business and support sequencing of delivery. The PPM teams will collate business change plans, impact heat maps and change delivery progress and provide the Portfolio Board with a portfolio-level view of the change activity taking place or planned to take place over the next 12 months.

Programmes will be responsible for the delivery of the business change activities across its projects and work strands.

Projects will deliver the change activities specific to its project needs. They will report their change plans, progress and impacts to their overarching programme, or directly to the Portfolio if the project is not part of a wider programme structure.

Implications for Delivery

- 1. PPM skills.** There will be a need for project and programme managers to have the benefits realisation and change management skills to recognise when business change activities will be needed to deliver outcomes and objectives.
- 2. Business Change resource.** Responsibility for delivery of business change will remain with the programmes, in some cases this will mean recruiting dedicated Business Change Managers to support programmes with key business change activities and provide the Portfolio Office with the business change data and reports and the specific areas identified where this is likely to be the case are:
 - * Developing PPM skills and resource across LFB and changing behaviours and cultures in relation to PPM.
 - * Implementing the process, behaviour and cultural changes that will be associated with the Togetherness Strategy.
- 3. Proportionate delivery.** Each programme will need to be assessed on its level of transformational change, and the Business Change Managers and PMO will agree which activities in the Business Change Approach it needs to deliver. Larger, more complex programmes will need to deliver the full suite of activities, but smaller, transactional change programmes may only be required to deliver a smaller subset of the change activities.
- 4. Realism on the size of the Portfolio.** Our work supports existing LFB conclusions that it may already be over-committed on projects and programmes and that there is a need to review and prioritise commitments including pausing or cancelling projects and programmes.

Delivery Actions Required

- 1. PPM skills and resource review.** The LFB PPM skills gap activity should include a review of business change capabilities. Complex programmes may require interim support to fill gaps until in-house capacity has been developed.
- 2. A new Business Change group may need to be established.** The structure of the group and timing of recruitment will need to be coordinated with the PMO, Portfolio Board and the relevant projects and programmes. The initial group is likely to be part of the Transformation Directorate, who will own and iterate the strategic business change approach and report to the Portfolio Board. It will also include the Business Change Managers working directly with the programmes and projects across LFB to support implementation of the business change approach. It should be noted that the level of demand for support is likely to change significantly over the next 18 to 24 months as LFB implements portfolio management and ramps up change work.