Audit and Governance Committee
23 February 2026
Our Future Council progress report
For Review and Consultation

Cabinet Member:
Cllr B Wilson, Corporate Development and Transformation

Local Councillor(s):

Senior Leadership Team:
C Howe, Chief Executive

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Statutory Authority:

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1. Executive summary (maximum of 500 words)

1.1 This report provides an update on how Dorset Council is managing risk and governance within the Our Future Council (OFC) transformation programme. Since the last update in November 2025, the overall programme direction remains stable, but work has progressed on strengthening oversight, clarifying accountability, and responding to risks raised by the Audit and Governance Committee.

1.2 The OFC programme continues to use a phased approach to delivering organisational change. This ensures that major changes, particularly those involving technology, data, and workforce, are introduced in a controlled and safe approach to delivering organisational change. This ensures that major changes, particularly those involving technology, data, and workforce, are introduced in a controlled and safe way.

1.3 Key updates since November include:

- **Member-led oversight clarified.** While the programme has had member-led oversight since its inception, greater clarity has now been provided that clearly sets out how cabinet, the Members Steering Group and the Audit and Governance Committee provide challenge, direction and scrutiny to officers.

- **Greater transparency on financial benefits.** Savings linked to technology and workforce redesign are tracked within medium-term financial plan financial reporting following business case approval through internal governance and cabinet; these are identified and aligned into the council's medium-term financial plan not just for the forthcoming financial year but for subsequent years as well to allow for more robust financial planning.

- **Focused attention on ICT and data risks.** Following questions raised at the January Audit and Governance meeting, additional assurance work to ensure that technology changes have appropriate governance, information asset ownership, and preparation for finance and HR related system changes known as an enterprise resource planning system (ERP) has been commissioned.

- **Alignment with lessons from other councils.** The programme is applying sector learning, including aligning process change to technology implementation, reflecting lessons from Dorset and other Local Authority implementation. This is particularly relevant in the implementation of the new technology to replace our finance and HR system (known as ERP), ensuring that process change is aligned to the design and build phasing of the technology.

- **Operational risk mitigation.** Phasing workforce changes continues to reduce the risk of destabilising frontline services. The programme remains subject to structured internal assurance, with regular reporting to cabinet, scrutiny, and Audit and Governance.

2. Recommendation(s)

2.1 Note the progress made on strengthening governance and risk management within the Our Future Council programme.

2.2 Note the additional actions being taken in response to risk queries raised by Councillors in November and January.

3. Reason for the recommendation(s)

3.1 To maintain transparency on how transformation is being delivered, ensure risks are being managed effectively, and provide assurance that statutory, financial and operational obligations continue to be met.

4. Our Future Council: governance

4.1 This report outlines Dorset Council's evolving approach to risk and governance in the delivery of the Our Future Council (OFC) transformation programme. It draws on the latest scrutiny and cabinet reports to provide an overview of how governance structures, risk management practices, and oversight mechanisms are being strengthened to support sustainable transformation.

4.2 The OFC programme is governed through a governance framework with multiple layers designed to ensure transparency, accountability, and strategic alignment. This consists of a clear, member-led structure:

- Cabinet: sets strategic direction, approves investment and monitors bi-annual delivery of benefits.
- Audit and Governance Committee: reviews programme risk, governance maturity and areas of exposure.

- Place and Resources Scrutiny Committee: reviews and provides assurance of decisions made by cabinet, ensuring accountability and transparency.
- Members Transformation Steering Group: informal cross-party group that monitors performance and progress across all directorate transformation programmes. Membership is made up of:
  - ➢ Administration / Liberal Democrat party: 3 members (including chairperson)
  - ➢ Conservative party: 2 members
  - ➢ Labour party: 1 member
  - ➢ Green party: 1 member
  - ➢ Independent: 1 member

This structure ensures Members have continuous oversight of key decisions, risk, and progress.

4.3 Governance arrangements for the Our Future Council programme continue to develop, with a strong and well-defined structure in place. Over the past six months, the timing of reports to each Member forum has been refined, and a proposed formal sequencing of these updates will be presented to cabinet in April for approval. The current reporting cycle consists of:

- Audit and Governance Committee – quarterly
- Cabinet – six-monthly (as agreed by cabinet in November).
- Place and Resources Scrutiny Committee – six-monthly.
- Members Transformation Steering Group – monthly.

Actions arising from each of these updates are being taken forward and fed back into the appropriate forums to ensure continuous oversight and improvement.

4.4 Internally, the OFC programme is enabled by project delivery teams reporting to the OFC Programme Board. This board meets fortnightly and is chaired by the Chief Executive with membership from the Senior Leadership Team, OFC Programme Director, Head of People and Workforce, Head of Transformation and Design and ERP Programme Director.

The OFC Programme Board is responsible for:

- overall governance, leadership, and advocacy for the programme across the organisation and partners.
- approval of changes to scope, schedule, and major programme decisions.
- monitoring delivery, risks, issues, and benefits, resolving escalations beyond programme team tolerances.
- guiding the programme team, ensuring resources, communications, and engagement support successful delivery and benefits realisation.

4.5 The OFC governance and reporting framework was reviewed by the South West Audit Partnership in 2025. The final position statement of the review stated “We have reviewed the overarching governance arrangements and can confirm they are operational, with risks being actively managed. However, due to the early stage of the programme, we have not yet been able to assess the governance of individual project groups. A framework for monitoring project level outcomes and savings exists, but these elements are still under development”.

As planned, a further review of the maturing governance framework will commence in early 2026.

5. Our Future Council: risk

5.1 Since the last update in November 2025, the programme's risk profile has evolved as key parts of the work have progressed.

5.2 **Workforce risk** has reduced following the launch of the new Transformation Management Office, Customer Hub, and Business Support Hub. Following the successful launch of each, initial delivery risks such as uncertainty in role clarity and duplication of effort across multiple services have now reduced as these services start to bed in.

5.3 However, a degree of workforce risk does remain as the new model continues to embed. While the establishment of the Transformation Management Office, Customer Hub, and Business Support Hub has reduced some early delivery risks, there is still ongoing uncertainty as roles, processes, and responsibilities are refined. Continued redesign activity may create short-term pressure on capacity as teams adjust to new ways of working, alongside the learning curve associated with new systems, expectations, and performance measures. Until this stabilisation period is complete, there remains a residual risk that pace or consistency of delivery could be affected, though this is expected to lessen as the services mature.

5.4 **Service Delivery Risk** There continues to be activity taking place to redesign the work that these services deliver which will carefully improve customer experience and efficiency of each service. This work will also seek to further reduce service delivery risks including:

- Reduced risk of uncoordinated or inconsistent transformation activity due to centralised governance and standards, along with effective risk management.
- Reduced risk of service inconsistency by consolidating customer contact routes and standardising processes across functions.
- Reduced risk of service failure from small, siloed teams through increased workforce resilience and upskilling across teams.
- Reduced risk of administrative error and non-compliance, through standardised processes across high-volume tasks.
- Reduced risk of inefficient use of capacity, as work is pooled, prioritised corporately, and allocated according to capacity. Reduced risk of service specific workarounds, replaced by consistent operating procedures and automation.

5.5 **Technology risk** related to the finance and HR system replacement, known as an enterprise resource planning system (ERP) remains high. The risk has moved from general uncertainty in the early stages of procurement to more specific issues around integration, change management, and the order in which the work will be delivered. Overall, the position is now clearer and more stable than it was earlier in the programme.

5.6 This improvement is due to additional capacity and specialist skills being brought into the programme. A programme director has been appointed, along with further expert roles including a solution architect, specialist project managers, expert service leads, and a data migration lead. These appointments are strengthening oversight, improving the quality of planning and technical assurance, and giving the programme clearer direction and stability.

5.7 Further work is required to establish specific governance for the ERP programme that will assess the associated risks through the design, build and test and deployment phases. We will present further detail on the ERP specific risk profile in a future Audit and Governance Committee meeting.

5.8 We also acknowledge the need to report at a future Audit & Governance Committee meeting on the Council's approach to Artificial Intelligence adoption and associated risk management

5.9 **Financial risk** in the relation to realisation of savings remains high. The programme was budgeted to deliver £10m of savings for 2025/26. As at the end of December £6.7m is forecast for delivery in 25/26 with an acknowledgement that £1m is assessed as low confidence of delivery pending analysis and action in relation to third party spend reduction £7.43m is budgeted for delivery in 26/27.

5.10 A significant proportion of savings in 2026/27, are dependent on five critical factors:

- timely completion of service redesigns to release benefit from October 2026
- successful consultation and workforce transitions delivered to agreed timelines and governance standards, enabled by effective leadership and engagement in the changes needed to services across the organisation.
- converting identified opportunities into confirmed, costed savings, with clear implementation plans
- realising validated third-party spend reductions, following detailed commercial analysis and negotiation.
- adequate control and avoidance of double counting relating to workforce vacancy savings across multiple programmes/changes, by ensuring workforce changes are accurately recorded and reconciled with corporate finance validation.

To mitigate these risks, the programme will be managed with robust delivery discipline, including:

- effective programme governance, with the Programme Board receiving fortnightly updates on delivery confidence, risks, issues, and benefit forecasts.
- effective vacancy management across the council
- a detailed roadmap and critical path plan, tracking statutory consultations, design milestones, workforce transitions and procurement interventions, with early escalation of any slippage.
- tightened benefits management, ensuring each saving has an accountable owner, a baseline, a delivery plan, and monthly reporting.
- multi-disciplinary product teams integrating functions such as HR, finance, procurement, service leads, and transformation, enabling coordinated decision-making and rapid issue resolution.
- change control, ensuring any shifts in scope, timing or benefit profile are assessed, approved, and reflected in financial forecasts.
- enhanced dependency tracking, particularly where workforce, technology or commercial activity is interlinked. This includes the alignment of changes to

corporate functions in line with planned changes to technology such as the HR and finance system.

This approach provides greater assurance that the programme can deliver the required savings in 2026/27 despite the inherent complexity and timing sensitivities.

6. Summary of risk outlined in this report

Risk description	Score before mitigation			Mitigation	Score after mitigation		
	Impact	Likelihood	Score		Impact	Likelihood	Score
There is a risk that service delivery pace, consistency and capacity could be negatively impacted during the stabilisation period of new workforce arrangements in the Transformation Management Office, Customer Hub and Business Support Hub.	4	3	12 High risk	• A phased approach to redesign • Increased resilience through centralised teams and cross-skilling • Governance and risk management in place • Ongoing change management support and transition planning. • Defined stabilisation phase post 'Go Live'	4	2	8 Med risk
There is a risk that the implementation of the new HR and finance system (ERP), combined with an increased use of automation across council processes, could lead to service disruption, data quality issues, or system instability if changes are not carefully sequenced, governed, and technically assured	4	4	16 High risk	• Appointment of specialist roles • Sequenced delivery (technology before workforce changes) • Adoption of sector learning • Governance for automation, data and security • Strengthened supplier oversight • New BAU IT capabilities.	4	3	12 High risk
There is a risk to delivery of third party spend reduction in 2025/26 due to delays in analysis of data due to limited capacity within the commissioning and procurement functions.	2	4	8 Med risk	• Additional financial oversight with recruitment of deputy S151 officer • Engagement with industry experts to complete rapid analysis by 13 February ready for immediate implementation by the existing programme team	2	3	6 Med risk
There is a risk to delivery of savings in 2026/27 if critical dependencies such as timely service redesigns, successful consultation and workforce transitions, conversion of initial opportunities into confirmed, costed savings, delivery of validated third-party spending reductions, and accurate recording of workforce changes to avoid double counting are not achieved.	3	4	12 High risk	• fortnightly assurance on delivery confidence, risks, issues, and benefits by the Programme Board. • Detailed critical path planning to identify and escalate slippage early. • Tightened benefits management, assigning accountable owners to each saving, establishing baselines, setting delivery plans, and monitoring progress. • Multidisciplinary teams, integrating HR, finance, procurement, service leads, and	3	3	9 Med risk

				transformation delivery to support joined up decision-making and resolve issues quickly. • Formal change control, ensuring shifts in scope, timing or benefit profile are assessed, approved, and reflected in financial forecasts. • Increasingly visible and confident organisational leadership			
There is a risk that the transformation of people, processes, and technology will not be successful if underlying data and records are not in a suitable state for migration, governance, and ongoing management. Poor data quality, inconsistent ownership, or large volumes of outdated or unstructured information could undermine ERP readiness, automation reliability, and service continuity.	2	4	8 Med risk	• Project to improve how the council manages information, collaborates, and delivers services using the Microsoft 365 platform. • Relaunch of responsibility of Heads of Service as information asset owners for the retention and disposal or data appropriately.	2	3	6 Med risk

7. Responding to Audit & Governance Committee queries

7.1 At the November and January Committees, Members sought further assurance on specific areas.

7.2 This includes the risks associated with implementing a new HR and finance system (ERP) and the planned increase in automation across council processes.

7.3 The following mitigations are in place:

- Sequenced delivery to protect critical services. Technology changes are being implemented before large-scale workforce changes, particularly in HR and Finance, to ensure service continuity and minimise transition risk.
- Adopting sector learning to reduce redesign risk. The council is applying lessons learned from other authorities (including Birmingham) by avoiding wholesale process redesign ahead of ERP go live. The approach is to adopt the standard system processes, not adapt the system to historic local practices, reducing complexity and implementation risk.
- Tightly governed automation pilots. Any automation activity is subject to formal governance, testing, and controls to prevent new risks around data accuracy, error propagation, system instability or security breaches.
- Strengthened data governance for ERP preparation. All ERP readiness work includes explicit data quality, cleansing and governance requirements, ensuring that information entering the new system is accurate, secure, and fit for purpose.
- Service continuity planning, ensuring robust fallback arrangements for critical HR and finance functions at go live.
- Stronger supplier and implementation partner oversight, with structured governance and escalation paths.

7.4 Members also identified data governance risk as an area requiring further assurance. This includes queries over high volumes of records overdue for deletion, and inconsistent information asset ownership. Key mitigations being applied:

- Initiation of a transformation project to improve how the council manages information, collaborates, and delivers services using the Microsoft 365 platform.
- This will migrate legacy data from locally held network storage into the Microsoft 365 domain. Once structured sites are in place, a rolling 2-year deletion policy to unchanged and unlabelled content in OneDrive, SharePoint, Teams, and personal mailboxes will be applied.
- Information asset owners (Service Managers and Head of Service) are responsible for these 16-week transitions and for the retention and disposal or data appropriately.
- Alignment of the design, governance and implementation of this work with Our Future Council ensures joined-up planning for document management across technologies, including the HR and finance system (ERP).

8. Alternative options considered

8.1 None.

9. Legal considerations

9.1 The programme must continue to meet requirements of procurement law, data protection legislation, and employment law frameworks. Data privacy and protection impact assessment and equality impact assessment controls are examples of critical dependencies which must be completed in a timely way in order to enable savings to be achieved.

10. Financial implications

10.1 Financial governance arrangements approved by Cabinet in October remain in effect:

- staged investment release
- Invest to save criteria
- Savings delivery is tracked through established programme governance.

7. Natural environment, climate & ecology implications

7.1 None

8. Well-being and health implications

8.1 The Council continues to support employee wellbeing through engagement, leadership forums, and targeted support during periods of change.

9. Other implications

9.1 None

10. **Risk implications**

10.1 The overall programme risk level remains high, reflecting the scale of technology and organisational change. Risks continue to be tracked and reviewed through:

- Corporate Risk Register
- Members Steering Group
- Audit and Governance Committee
- Our Future Council Programme Board

11. **Equalities**

11.1 Equality Impact Assessments have been completed for changes to date including workforce changes and technology implementation. Digital inclusion and accessibility remain core design principles.

12. Appendices

12.1 None

13. Background papers

13.1 Report to Cabinet October 2025

14. Report sign-off

14.1 This report has been through the internal report clearance process and has been signed off by the Director for Legal and Democratic (Monitoring Officer), the Executive Director for Corporate Development (Section 151 Officer) and the appropriate Portfolio Holder(s)