Audit and Governance
29 June 2026
Transformation update
For Review and Consultation

Cabinet Member:
Cllr B Wilson, Transformation, Customer & Workforce

Local Councillor(s):

Senior Leadership Team:
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Statutory Authority:

Report status: Public Choose an item.

1. Executive summary

1.1 This report provides an update to the Audit and Governance Committee on progress, governance and risk management for the council's transformation portfolio, which includes the Our Future Council programme. This reflects the progress report considered by Cabinet on 21 April 2026. It builds on the position reported to this Committee in February 2026 and provides continuity in relation to assurance, risk oversight and governance maturity rather than duplicating the detailed delivery content contained within the Cabinet paper.

1.2 Since the February update, the council has moved into a clear next phase of transformation delivery, aligned to the ambition of becoming a modern, sustainable unitary authority. The establishment of a single, cross council Transformation Management Office now provides consolidated oversight of major change activity across Our Future Council, ERP – HR, Procurement & Finance, Adults, Children's Services, Communities, Economy and Environment and enabling corporate programmes. This strengthens assurance by providing a single view of delivery confidence, dependencies, risks and benefits at a whole portfolio level.

1.3 Governance arrangements have continued to mature including the refreshed member led governance, with greater clarity in the respective roles of Cabinet, Audit and Governance Committee, Place and Resources Scrutiny Committee and the Members Transformation Steering Group. This provides clearer escalation routes, improved sequencing of reports and more consistent oversight of risk, benefits and delivery confidence across the year.

1.4 Progress is on track as and since the last report in February the following has been delivered:

- Launch of the Customer Hub and Business Support Hub, establishing important building blocks for the council's new operating model and wider transformation portfolio.
- Establishment of the Transformation Management Office (TMO), bringing together delivery capacity and creating a stronger cross-council approach to portfolio management, oversight and coordination.
- Procurement of a new ERP (HR, Procurement and Finance) system as a key enabling technology to support more consistent processes, stronger data and longer-term embedding of change across the council.
- Establishment of a programme of work to codesign how we work differently to better meet the needs of communities across Dorset. This will be delivered 2026-29, working in partnership with ward councillors, town and parish councils, the voluntary and community sector, and other statutory partners.
- Strengthened governance, commercial controls and commissioning, alongside redesign of the senior leadership structure, creating stronger foundations for coordinated delivery across the transformation portfolio.

1.5 Risk across the transformation portfolio remains high, reflecting the scale and complexity of the combined organisational, workforce and technology change underway. However, the risk position is now better defined and more stable than earlier stages of transformation delivery. The most significant areas of exposure continue to relate to:

- delivery and dependency risk associated with the HR, Procurement and Finance system replacement (ERP)
- realisation of savings in 2026/27, particularly where benefits are dependent on timely redesign, consultation, third party spend reduction and accurate workforce controls; and
- short term service and workforce stabilisation risk as new operating models embed.

1.6 A number of mitigating actions are now in place, including additional specialist capacity within the ERP programme, tighter benefits management, phased delivery sequencing and clearer alignment between service redesign, technology implementation and workforce change.

1.7 This report provides assurance on how these risks are being managed, how governance continues to operate, and the actions being taken in response to queries raised in previous audit and governance committee meetings.

2. Recommendation(s)

2.1 The Audit and Governance Committee is asked to:

- note progress made since the February 2026 update on strengthening governance, risk management and assurance arrangements within the Our Future Council programme
- note the current risk profile and the mitigations in place to manage key areas of exposure, including ERP delivery and savings realisation

- note how issues and questions previously raised by the Committee are being addressed through the evolving governance and delivery approach.

3. **Reason for the recommendation(s)**

3.1 To maintain transparency, enable effective Member oversight and provide assurance that transformation is being delivered in a controlled way, with risks actively managed and statutory, financial and operational responsibilities met.

4. Transformation governance

4.1 All council transformation is now operating within a member-led governance framework designed to provide strategic direction, challenge, scrutiny and assurance.
A refreshed reporting cadence and governance clarification was supported by Cabinet in April 2026 as set out below:

4.2 The governance structure comprises:
- Cabinet – sets strategic direction, approves investment decisions and monitors delivery of benefits through six monthly reporting
- Audit and Governance Committee – provides assurance on governance maturity, risk management and areas of exposure through quarterly updates.
- Place and Resources Scrutiny Committee – scrutinises Cabinet decisions and reviews progress six monthly to ensure accountability and transparency.
- Members Transformation Steering Group – an informal, cross-party group providing ongoing oversight and early engagement on progress across transformation programmes.

4.3 Internally, delivery is coordinated through the Transformation Board, chaired by the Chief Executive and supported by the Transformation Management Office. The Board is responsible for overall transformation leadership, approval of key changes, monitoring delivery confidence, managing escalations and overseeing benefits realisation.

4.4 Over recent months, governance has been further strengthened by:
- consolidating programme and project reporting into a single portfolio view
- clarifying decision-making, escalation and sequencing between member forums
- aligning transformation reporting more closely with financial planning and benefits tracking.

4.5 The South West Audit Partnership (SWAP) were recently commissioned to undertake an audit of the governance and reporting framework of the Our Future Council programme. The audit scope included review of the following:
- the governance and reporting framework, including how decisions are being made
- the risk management framework and how risks are being managed through the life of the programme

- the deliverables, milestones and outcomes/ savings framework and the mechanisms in place to monitor these and report any slippage and changes
- the intended benefits realisation processes and preparations for this
- a sample of projects to ensure governance is appropriate.

The key findings in their final report published in May 2026 found that *'Overall, the OFC programme governance framework is operating effectively, with robust arrangements, clear accountability, and appropriate oversight mechanisms in place. Governance structures are well defined and supported by senior leadership engagement, with formal processes, design principles, prioritisation arrangements, RACI matrices, and gateway checkpoints providing a strong framework for transparent and evidence-based decision making*.'

No priority 1, or priority 2 actions were raised, although there is an ongoing action to ensure that systems and documents continue to be updated to ensure reporting accuracy.

5. Responding to Audit and Governance Committee queries

5.1 The key lines of enquiry raised by Members at prior Audit and Governance meetings have directly shaped the current approach, particularly in relation to:

- clearer assurance on ERP governance, sequencing and readiness
- stronger data governance and information asset ownership
- transparency of savings, dependencies and delivery confidence
- oversight of automation and artificial intelligence risks.

Further updates on ERP risk and AI governance will be brought to the Committee as part of the agreed reporting cycle.

6. Programme benefits

Progress across the programme remains on track with the route to achieving benefits defined. With delivery models, governance and benefit tracking in place, there is growing confidence that these changes will lead to improved services, better use of resources and sustained financial benefits.

<table>
<tr><th>Area</th><th>Delivered in the last 6 months</th><th>Benefit</th></tr>
<tr><td>Customer Hub & Business Support Hub</td><td>New customer hub delivered with phase 1 of specialist customer teams integrated. Phase 2 design work initiated with further teams to integrate to the hub.</td><td rowspan="2">More joined-up services, faster response times, reduced duplication.
Stronger delivery oversight, better prioritisation, improved use of resources.
£0.71m benefit 2025/26 (part year effect) delivering 49.21 full time equivalent, plus £1.0m vacancy management delivered via Directorates</td></tr>
<tr><td>Transformation Management Office (TMO)</td><td>New coordinated delivery model implemented. Single transformation portfolio now in place.</td></tr>
<tr><td>HR and Finance system (ERP)</td><td>Procurement of a new system. Programme team in place.</td><td>More efficient processes, better data and reporting, less manual work.</td></tr>
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Area	Delivered in the last 6 months	Benefit
Strategic & enabling	New senior leadership team in place. Wider leadership review initiated. New internal governance model developed.	Clearer decision-making and accountability, more coordinated delivery.
Commissioning & Procurement	Strengthened commercial controls in place.	Improved contract management and commissioning outcomes £4m benefit delivered in 2025/26
Community partnerships	Community clusters developed and conversations planned. Pride in Place programme in place.	Services aligned to local needs, stronger partnerships, focus on prevention.

7. Alternative options considered

7.1 None

8. Legal considerations

8.1 Transformation activity continues to operate within procurement law, employment law and data protection requirements. Data Protection Impact Assessments and Equality Impact Assessments are embedded as standard controls where required.

9. Financial implications

9.1 Financial governance arrangements approved by Cabinet remain in effect. Investment is released in stages, savings are tracked through established governance and financial reporting, and delivery confidence is reviewed regularly at programme and portfolio level.

10. Natural environment, climate & ecology implications

10.1 None

11. Well-being and health implications

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

12. Other implications

12.1 None

13. Risk implications

13.1 The transformation portfolio risk profile remains high which is appropriate given the scale, timing and interdependencies of the transformation portfolio. However, risks are now more clearly articulated, actively mitigated and subject to regular Member and officer oversight.

13.2 The risk profile continues to be monitored through the Corporate Risk Register, Transformation Board, Members Transformation Steering Group, Cabinet and Audit and Governance Committee.

13.3 Workforce and service stabilisation risk
Following the launch of the Transformation Management Office, Customer Hub and Business Support Hub, early delivery risks associated with role clarity, duplication and fragmentation have reduced. A residual stabilisation risk remains as new operating models embed and further redesign activity proceeds. This is being managed through phased implementation, active change management, leadership engagement and defined stabilisation periods following go-live.

13.4 ERP HR, Finance and Procurement system implementation risk

Risk associated with the HR, Procurement and Finance system replacement (ERP) remains high. The nature of the risk has shifted from early procurement uncertainty to more specific delivery risks relating to integration, data quality, sequencing and change management. Mitigations now in place include:

- appointment of a dedicated ERP Programme Director and specialist technical, data and delivery roles;
- clearer ERP-specific governance integrated within, but not diluted by, the wider portfolio;
- phased delivery sequencing, with technology changes preceding significant workforce change; and
- strengthened supplier and implementation partner oversight.

Further detailed ERP risk reporting will continue to be provided to this Committee as delivery progresses.

13.5 Financial and savings delivery risk
Savings delivery risk remains high, particularly in relation to 2026/27 targets where benefits rely on multiple critical dependencies, including:

- timely completion of service redesign and consultation
- conversion of identified opportunities into confirmed and costed savings.
- agile approach to organisational change
- delivery of validated third-party spend reduction through complex contract constraints
- avoidance of double counting through robust workforce and vacancy controls.

The target for 2026/27 is £9.4m against which the full year effect of 2025/26 workforce savings of £2.0m brings the outstanding target to £7.4m for 2026/27.

Mitigations include tighter benefits ownership, enhanced dependency tracking, strengthened programme discipline and regular assurance reporting to the Programme Board, Cabinet and this Committee.

Summary of risk: transformation portfolio

Ref	Risk description	Mitigation	Residual Rating
331	Implementation of the new HR and finance system (ERP), combined with an increased use of automation across council processes, could lead to service disruption.	• Appointment of specialist roles • Sequenced delivery (technology before workforce changes) • Adoption of sector learning • Governance for automation, data and security • Strengthened supplier oversight	High risk
120	There is a risk that service delivery pace, consistency and capacity could be negatively impacted during the stabilisation period of new workforce arrangements	• A phased approach to redesign • Increased resilience through centralised teams and cross-skilling • Governance and risk management in place • Ongoing change management support & transition planning. • Defined stabilisation phase post 'Go Live'	Medium risk
332	There is a risk to delivery of third party spend reduction in 2026/27 due to limited capacity within the commissioning and procurement functions.	• Additional financial oversight with recruitment of interim deputy S151 officer • Engagement with industry experts and completion of rapid analysis • Project team in place to review analysis and progress contract uplift activities to manage in year spend	High risk
334	There is a risk that transformation of people, process, and technology will not be successful if underlying data and records are not in a suitable state for migration 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.	• Project to improve how the council manages information, collaborates, and delivers services using the Microsoft 365 platform. • Data migration activity launched within ERP programme • Relaunch of responsibility of Heads of Service as information asset owners for the retention and disposal or data appropriately.	Medium risk
333	There is a risk to delivery of benefits and financial 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.	• Fortnightly assurance on delivery confidence, risks, issues, and benefits by the Transformation 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 delivery to support joined up decision-making and resolve issues quickly. • Formal change control	High risk

		• Increasingly visible and confident organisational leadership	
127	Because of competing demands for organisational resources, Dorset Council's transformation work may not achieve its objectives, leading to incomplete benefits to service delivery, customer experience and cost savings.	• Single transformation portfolio developed with a maturing resource planning and prioritisation function. • This is being underpinned by the design authority with prioritisation in line with council plan priorities and modern sustainable unitary – whole council vision.	High risk
121	Due to the current organisational and leadership commitment, change programmes may be ineffective, leading to a failure to improve service delivery.	• Established appropriate leadership governance structure across the organisation including transformation board and design authority. Both being led by the Chief Executive. • Improved approach to strategic alignment of transformation strategy with the people strategy & the MTFP enabling joined up strategic narrative & long-term vision through the delivery of the council plan.	Med risk
124	Uncoordinated procurement of ICT and digital solutions – managed outside agreed governance processes - leading to duplication, poor quality (including accessibility issues), and misalignment with existing investments and strategic priorities.	• Digital and technology strategy being developed which will incorporate application portfolio management and our future enterprise architecture and roadmap / plans. • Transformation governance includes a technical design authority where any new solutions, systems and platforms are being assessed for recommendation prior to approval by the councils design authority. • Application portfolio management project is live and progressing supporting all mitigation.	High risk
125	As a result of a failure to embed new governance structures, whole council transformational change may not be possible, leading to increased costs and slower decision making.	• Governance framework revised with leadership accountability aligned to SLT. Refreshed Design Authority and Technical Design Authority September 2025 with agreed membership and leadership - chaired by Chief Executive. • Taking a test and learn approach to ensure that the processes for decision making are robust and proportionate using good judgement.	Low risk

14. Equalities

14.1 Equality Impact Assessments have been completed for changes delivered to date. Digital inclusion, accessibility and fair workforce transition remain core design principles across all Our Future Council activity.

15. Appendices

15.1 None

16. Background papers

16.1 Transformation update report to Cabinet April 2026

17. Report sign-off

17.1 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)