

Audit and Governance

12 October 2026

Transformation update

For Review and Consultation

Cabinet Member:

Cllr B Wilson, Transformation, Customer & Workforce

Local Councillor(s):

Senior Leadership Team:

L Cotton - Interim Executive Director, Modernisation and Customer Delivery

Report author and job title: Nina Coakley, Head of Transformation & Design

Email: nina.coakley@dorsetcouncil.gov.uk

Statutory Authority:

Report status: Public Choose an item.

1. Executive summary (maximum of 500 words)

- 1.1 This report provides the Audit and Governance Committee with an update on the governance, assurance and risk position across the council's transformation portfolio since the previous report in June 2026. It focuses on how the risk position has evolved, the effectiveness of the controls now in place and the learning arising from leadership and organisational redesign iterative design and delivery.
- 1.2 The overall transformation portfolio remains high risk. This reflects the scale, pace and interdependence of the organisational, workforce, financial, service and technology changes under way. Several material changes are being delivered concurrently and rely on shared leadership, service and specialist capacity. The principal areas of high residual risk include ERP implementation, delivery of financial benefits, third-party spend reduction, organisational capacity and control of digital and technology investment alongside review of the application portfolio.
- 1.3 Since June, significant progress has been made across the portfolio, including:
 - mobilisation of the ERP programme
 - continued development of the Customer Hub and Business Support Hub
 - progression of leadership and organisational redesign
 - redesign of internal governance arrangements
 - continued community conversations informing future place-based delivery models.
- 1.4 A significant development since the Committee's last update has been the adoption of a more product-led, agile and iterative approach to transformation

and organisational redesign. Rather than designing a complete future-state model before implementation begins, the council has progressed change through shorter cycles of discovery, design, implementation and review. This approach has enabled risks, dependencies and unintended consequences to be identified earlier, supported more informed decision-making, and allowed mature proposals to progress whilst further design continues in more complex areas.

- 1.5 This more agile approach also enables the council to prioritise change across the portfolio and flex resources between programmes as organisational priorities evolve. By moving away from rigid programme boundaries, we can concentrate capacity on the areas of greatest need and impact, with a stronger focus on delivering and evidencing the intended benefits.
- 1.6 The council's more iterative approach to transformation is helping us spot risks earlier, respond more quickly when issues arise, and reduce the risk of implementing too much change at the same time. While the transformation portfolio remains high risk, we now have a much clearer understanding of the main areas of exposure, supported by stronger governance, oversight and mitigation arrangements.
- 1.7 Governance and assurance arrangements have continued to mature through strengthened oversight, clearer accountability and improved alignment between workforce, financial, technology and service planning.
- 1.8 The most significant areas of exposure remain ERP implementation, delivery of savings and benefits, third-party spend reduction, organisational capacity and the stabilisation of new operating arrangements

2. **Recommendation(s)**

- 2.1 The Audit and Governance Committee is asked to:
 - note that the transformation portfolio remains high risk, reflecting the scale, pace and dependencies of the change under way
 - note that the nature of the risk has evolved since June 2026, with greater clarity about the principal areas of exposure and stronger governance, assurance and mitigation arrangements
 - note the council's use of an agile, iterative and evidence-led approach to organisational redesign, enabling sufficiently mature proposals to progress while more complex areas continue through discovery and design
 - note the continuing areas of significant exposure, particularly ERP delivery, savings and benefits realisation, third-party spend, organisational capacity, data readiness and the stabilisation of new arrangements
 - note the further work under way to strengthen prioritisation, dependency management, benefits oversight and the alignment between leadership accountability, governance, workforce, technology and financial planning.

3. Reason for the recommendation(s)

- 3.1 To maintain transparency, enable effective Member oversight and provide assurance that transformation is being delivered within an increasingly mature control environment, while recognising that significant residual risks remain.

4. How the risk position has evolved

- 4.1 The council continues to deliver a significant and interconnected transformation portfolio, including leadership and organisational redesign, ERP implementation, digital and data development, and commissioning and commercial change.

- 4.2 The overall portfolio remains appropriately assessed as high risk. However, the nature of that risk has evolved since June 2026. Earlier uncertainty regarding organisational direction, accountability and governance arrangements has reduced. As the portfolio has moved from strategic design into implementation, risk has become increasingly concentrated on delivery, organisational capacity, benefits realisation, ERP implementation, data readiness and service stabilisation.

Risk area	Position June	Position October
Governance maturity	High	Medium
Strategic clarity	High	Medium
ERP delivery	High	High
Organisational capacity	High	High
Benefits Realisation	High	High
Application portfolio management	High	High

- 4.3 This improved understanding supports earlier intervention, clearer escalation and more proportionate decision-making. The detailed risk position is set out later in the report.

- 4.4 Since June 2026, governance maturity has improved through the establishment of clearer senior leadership accountability, a strengthened Transformation Board, maturing *Design Authority arrangements, critical path reviews and more structured benefits oversight. Taken together, these changes have improved visibility of delivery risks, strengthened escalation routes and increased the organisation's ability to intervene where delivery confidence deteriorates.

***The Design Authority:** *provides a key organisational control by ensuring transformation activity, technology investment and organisational change are prioritised against agreed corporate outcomes, available capacity and strategic need. It provides oversight of interdependencies, risks and resource allocation across the portfolio, helping ensure that limited organisational resources are focused on the areas of greatest value and reducing the risk of fragmented or competing change activity.*

5. A different approach to transformation

- 5.1 The council has adopted a more iterative approach to delivery. Rather than seeking to complete a design before implementation begins, change is progressed through shorter cycles of discovery, design, implementation and review.
- 5.2 From an assurance perspective, this has increased the frequency of decision points, enabled earlier identification of dependencies and risks, and reduced reliance on large-scale organisational implementation before assumptions have been tested. The approach does not replace formal approval, governance or assurance requirements. Rather, it enables learning, testing and refinement to take place before larger implementation decisions are made.
- 5.3 Alongside this, the council has continued to move towards product-led delivery. Product teams are in place enabling iterative improvements to the Customer Hub, Business Support Hub and ERP programme. These are actively combining operational, technology, data and improvement expertise around shared outcomes and service performance measures. Early evidence suggests improved visibility of operational performance, stronger accountability and better prioritisation of service improvements.
- 5.4 Organisational redesign has also been accompanied by redesign of internal governance arrangements. New cross-council delivery boards have been introduced through a minimum viable governance approach, enabling governance arrangements to be tested, refined and strengthened through practical operation before wider implementation.

Governance and assurance activity undertaken since June 2026

- 5.5 The council has continued to strengthen the governance and assurance arrangements that support delivery of the transformation portfolio. This has included maturing the Design Authority through alignment to the vision for a modern, sustainable unitary council, the introduction of new delivery boards with clearer executive accountability, enhanced portfolio reporting through dashboards, and more formal escalation routes where delivery concerns arise.
- 5.6 These arrangements provide greater visibility of risks, dependencies and delivery confidence across the portfolio, enabling earlier intervention where issues emerge and strengthening accountability for delivery and benefits realisation.
- 5.7 Examples of assurance activity now embedded within the portfolio include fortnightly reporting to the Transformation Board, critical path reviews, Design Authority and Technical Design Authority scrutiny, and strengthened benefits tracking arrangements. These controls are supported by regular programme and portfolio reporting and formal escalation processes where risks exceed agreed tolerances.
- 5.8 The council has also drawn on internal audit findings to inform the development of its governance arrangements. Previous governance audit work concluded that governance arrangements were operating from a strong position, providing

a foundation for continued improvement as the transformation portfolio moves further into implementation.

- 5.9 This enhanced governance framework has improved the organisation's ability to identify risks early, monitor delivery performance and maintain appropriate oversight of complex and interdependent change.

6. ERP assurance arrangements

- 6.1 ERP remains one of the most significant sources of residual risk within the portfolio. Key areas of focus include programme recovery, data readiness, integration, delivery sequencing, supplier performance, organisational readiness and the capacity required to deliver the programme successfully.
- 6.2 During the period, concerns were identified regarding the operation and leadership of the programme. The council acted in response, bringing the programme back under closer organisational control and putting dedicated interim programme leadership in place, with oversight from the Head of Transformation and senior sponsors. This interruption has affected progress and is expected to have an impact on the previously planned delivery timetable.
- 6.3 The programme remains high risk, which is appropriate given the scale, complexity and current stage of recovery. The strengthened leadership arrangement is providing greater visibility of programme status, risks and dependencies, alongside clearer accountability and increased senior leader oversight.
- 6.4 Governance and assurance arrangements include:
- dedicated interim programme leadership
 - strengthened senior sponsor and corporate leadership oversight
 - supplier oversight
 - regular programme risk and delivery reviews
 - delivery confidence assessments
 - Design Authority and Technical Design Authority oversight
 - Transformation Board scrutiny
 - clearer escalation and reporting arrangements.
- 6.5 The council continues to review the programme's delivery, resourcing and governance requirements. A future report will be presented to Cabinet setting out the proposed longer-term resourcing arrangements and the latest assessment of programme costs and delivery timescales. The immediate priority is to rebuild delivery confidence; strengthen governance guardrails and ensure the programme is brought back within clear and achievable delivery requirements.

7. Organisational capacity and prioritisation

- 7.1 Organisational capacity remains one of the principal constraints on delivery. Multiple programmes rely upon shared leadership, operational specialists,

finance, HR, digital and change resources. Failure to effectively prioritise work across the organisation remains a significant risk to timely delivery and achievement of benefits. The principal challenge is not a lack of ideas but the organisation's finite capacity to deliver change.

- 7.2 The council is therefore making deliberate choices about the sequencing and pace of change, recognising that attempting to accelerate all activity simultaneously may increase delivery risk and reduce benefits realisation.
- 7.3 Work is under way to strengthen council-wide prioritisation, dependency management and resource planning. Recommendations arising from this work will be reported through the November transformation update.

8. Stabilisation of workforce and service delivery

- 8.1 Workforce and service stabilisation refers to the period following organisational change when new structures, roles, processes and ways of working are becoming embedded. During this period the council must maintain service continuity, support workforce wellbeing and capability, and ensure that expected benefits are realised without adverse impacts on service performance.
- 8.2 Early implementation learning from the Customer Hub and Business Support Hub suggests that risks associated with role clarity, duplication and fragmentation have reduced. However, continued oversight is required to ensure service continuity, capability development and the establishment of sustainable ways of working.
- 8.3 The council continues to support implementation through phased delivery, transition planning, workforce engagement and performance monitoring.
- 8.4 In summary, the Council's transformation portfolio remains appropriately assessed as high risk due to the scale and complexity of the change being delivered. However, the nature of that risk has evolved materially since June 2026. Governance arrangements are more mature, organisational direction is clearer, risk visibility has improved and assurance activity is increasingly embedded within delivery. The key challenge for the period ahead is not establishing the direction of travel, but maintaining delivery pace, organisational capacity and benefits realisation while ensuring that service performance, statutory obligations and financial sustainability continue to be protected.

9. Alternative options considered

- 9.1 None.

10. Legal considerations

- 10.1 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.

11. Financial implications

- 11.1 Delivery of savings and wider benefits remains a significant area of focus. Benefits management arrangements continue to be strengthened through clearer ownership, baselines, dependency management and assurance reporting. Current financial performance is summarised below.
- 11.2 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, overseen by the Transformation Board.
- 11.3 Delivery of the transformation savings target remains high risk because it depends on timely redesign, consultation, workforce transition, third-party spend reduction and accurate evidence of delivered benefits.
- 11.4 Benefits management arrangements are being strengthened to provide clearer ownership, baselines, delivery plans and evidence of realisation. Financial figures contained within this report will be confirmed through the council's financial governance and internal report clearance processes.

12. Natural environment, climate & ecology implications

- 12.1 None.

13. Well-being and health implications

- 13.1 The transformation portfolio has potential workforce and service implications during periods of change. These are being managed through phased implementation, workforce engagement, change support, transition planning and stabilisation arrangements. Individual proposals will continue to assess any specific well-being and health implications through the relevant governance and impact assessment processes.

14. Other implications

- 14.1 None

15. Risk implications

- 15.1 The council's iterative approach has strengthened risk management through earlier visibility of dependencies, more proportionate decision-making, continuous assurance and greater adaptability as implementation progresses.
- 15.2 The transformation portfolio remains high risk. This is appropriate given the scale, pace and interdependence of the organisational, workforce, financial, service and technology changes under way. The rating maintains transparency about the level of exposure and the need for sustained senior officer and member oversight.
- 15.3 Although the overall rating remains high, the nature of the risk has evolved since June 2026. Risks are better defined and the remaining exposure is

increasingly concentrated around implementation, capacity, dependencies, ERP, data readiness, savings and benefits realisation, and stabilisation.

- 15.4 Uncertainty about the overall organisational direction and the governance of change has reduced. The council's agile and iterative approach has strengthened risk management by enabling proposals to be developed, tested, implemented and refined through shorter cycles.
- 15.5 Mature areas can progress, while areas with greater complexity or unresolved dependencies remain in discovery or design. This reduces the risk of making a single large-scale organisational commitment before dependencies or operational implications are sufficiently understood.
- 15.6 This approach does not replace formal control or accountability. Appropriate financial, workforce, legal, equality, data, technology and governance considerations remain necessary before implementation. Iterative delivery supplements these controls by creating earlier opportunities to identify risks, test assumptions and adjust proposals.
- 15.7 The principal areas of continuing high exposure are:
 - ERP implementation
 - achievement and validation of savings and wider benefits
 - delivery of third-party spend reductions
 - organisational capacity
 - coordination of interdependent change
 - control of digital and technology investment
- 15.8 Data readiness and workforce and service stabilisation also remain material areas of risk.
- 15.9 These risks are subject to portfolio and programme oversight, including delivery confidence reporting, dependency management, benefits oversight, formal change control and defined escalation through officer and member governance.
- 15.10 Continued assurance will focus on whether the new governance and leadership arrangements operate as intended, whether delivery capacity is aligned with organisational priorities and whether implementation produces sustainable benefits without unacceptable impacts on services, the workforce or statutory responsibilities.
- 15.11 Benefits management arrangements have been strengthened, and each saving is now assigned to a named accountable officer with delivery confidence reported through the Transformation Board. Whilst delivery remains achievable, the level of dependency across redesign activity means the overall benefits position remains high risk
- 15.12 Benefits management arrangements have continued to mature since June 2026. A standardised benefits scorecard and portfolio-wide benefits tracker have now been introduced, providing greater visibility of forecast, achieved

and at-risk benefits. The arrangements enable accountable officers, programme leads and governance boards to monitor delivery confidence, identify emerging issues and intervene earlier where benefits performance deviates from plan.

- 15.13 These arrangements are maturing and are dependent on critical data challenges being addressed by the council, and they therefore do not eliminate delivery risk. However, they are strengthening visibility and assurance over the management and validation of benefits across the portfolio.

15.14 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 of 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. • New benefits scorecard and portfolio tracker implemented • Increasingly visible and confident organisational leadership	High risk

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. • Portfolio-level resource planning and dependency mapping	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. • Mandatory review through Technical Design Authority and Design Authority prior to investment approval. • 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

16. Equalities

- 16.1 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.

17. Appendices

- 17.1 None.

18. Background papers

- 18.1 Transformation update report to Cabinet April 2026

19. Report sign-off

- 19.1 This report has been through the internal report clearance process and has been signed off by the Director for Assurance & Governance (Monitoring Officer), the Director for Resources (Section 151 Officer) and the appropriate Cabinet Member(s)