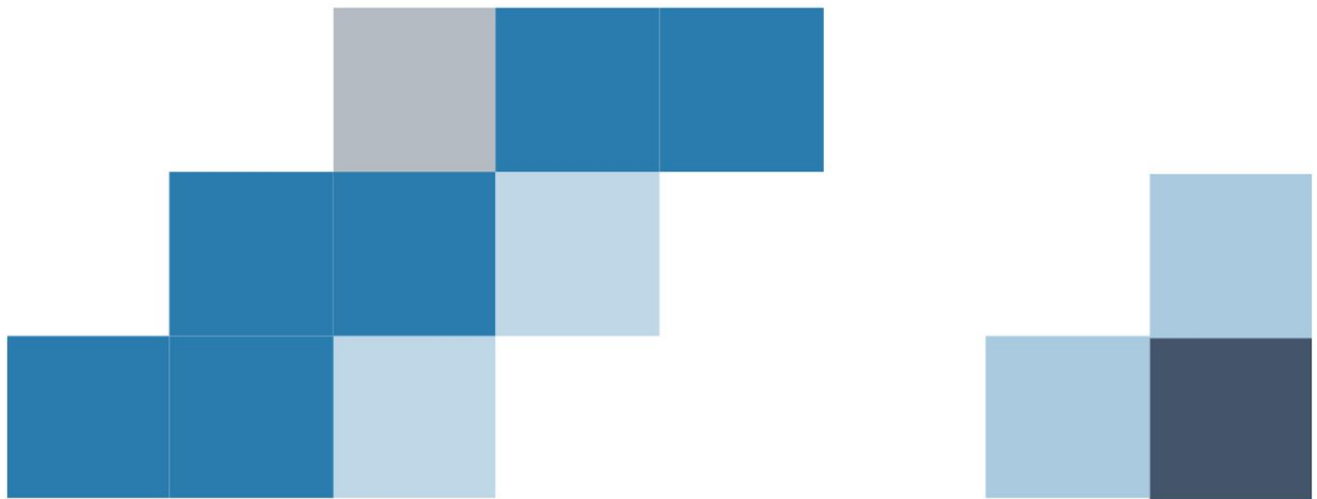




Infrastructure  
and Projects  
Authority



# Guide: portfolio management

## Sustaining progress



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**Approved for internal  
government trial**

Reporting to the  
Cabinet Office and  
HM Treasury

This document is published by the Infrastructure and Projects Authority and supports the [Government Functional Standard for Project Delivery](#), which sets expectations for the direction and management of portfolios, programmes and projects across government, and the Government Project Delivery Framework, which sets the requirements and provides guidance for programmes and projects through their life cycle.

The full suite of functional standards, and associated guidance, can be found at [GOV.UK government functional standards](#).

The meaning of words are as defined in the Shorter Oxford English Dictionary, except where defined in the Glossary at Annex B or where a government specific definition exists in the [Functional Standards Common Glossary](#).

For more information, please contact [IPA@ipa.gov.uk](mailto:IPA@ipa.gov.uk) or visit the [Infrastructure and Projects Authority's pages on GOV.UK](#).

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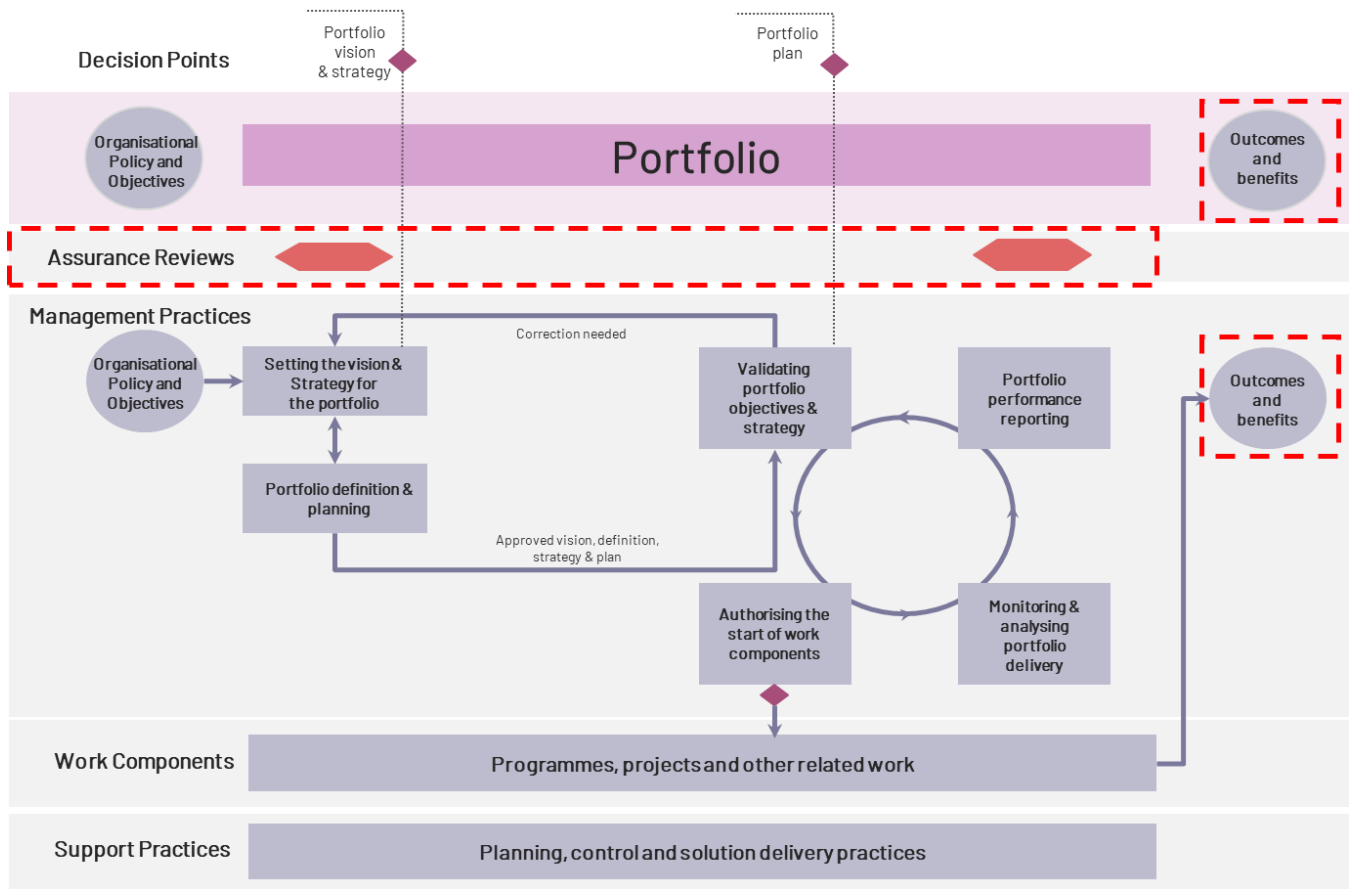
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# 6 Sustaining progress



**Figure 1** The Portfolio life cycle. Areas marked with  will be discussed in this module.

## 6 Government Functional Standard GovS 002: Project Delivery - Expectations

### 6.1 Portfolio Management Assurance

GovS 002 states - The purpose of assurance is to provide, through a systematic set of actions, confidence to senior leaders and stakeholders that work is controlled and supports safe and successful delivery of policy, strategy and objectives.

The way portfolio management is assured is through the IPAs 'Assurance Workbook Portfolios and portfolio management.' This independent assurance model can be used for:

1. Internal assurance reviews in years where no independent external assurance review is planned.
2. Internal assurance reviews of sub-portfolios or;
3. specific aspects of portfolio performance (for example, one of the four dimensions shown below).

What follows is an overview of the IPA Portfolio & portfolio management assurance framework. For a detailed understanding of the scope of these reviews please see the Workbook on the IPA website. Cross references to the relevant modules in this Guide are linked below.

#### IPA Portfolio & Portfolio Management Assurance

**Context:** The Infrastructure and Projects Authority has the mandate to periodically review departmental portfolios to provide assurance and practical recommendations for improvement.

**Purpose:** To provide independent guidance to Accounting Officers, senior leaders, and portfolio teams on how best to ensure their portfolios are successful; and to provide senior leadership and key stakeholders with confidence that work is controlled on track and is aligned with policy or strategy.

**Review team:** An independent, objective, and expert review team (4 members).

**Frequency:** Every 2-3 years for departmental portfolios.

**Scope:** The review aims to provide a realistic view on four specific areas:

#### 1. Strategic alignment & definition

- Is the portfolio aligned with strategy (with two-way traceability between portfolio benefits and the organisation's business plan/strategy/policy), in a way which maximises value for money and optimises benefits while remaining achievable and affordable? ([See Modules 2 & 3](#))
- Is the portfolio constructed (including sequencing) in line with delivery constraints such as dependencies, capacity, capability, and finances? ([See Module 3](#))

#### 2. Performance and risk See ([See Module 4](#))

- Is the portfolio performance on track against delivery baselines?
- Is appropriate action taken on variances that exceed control limit/tolerance levels?
- Are portfolio-level and aggregate risks managed effectively?

**3. Management, culture and processes**

- Are the key portfolio management practices operating effectively? (See Modules 2, 3 and 4)
- Is the governance framework appropriately designed and operating effectively? (See Module 5)
- Is the organisational culture conducive to effective portfolio management? (See Module 6)

**4. Capability and Capacity**

- Does the organisation understand the current capability and capacity requirements for portfolio delivery? (See Module 4)
- Are there plans in place to build capability and capacity in initiative delivery? (See Module 6)

**Ratings:** Each of the above four areas are rated, and an overall rating is also provided using a maturity

Rating	Description
Initial	The practices have not been fully implemented or fully achieve their purpose
Performed	The practices are performed though are not fully managed or defined and are starting to achieve their purpose in some areas
Managed	The practices are planned, monitored, and adjusted against a defined process and are achieving their purpose in most areas
Optimised	The practices are optimised and continuously improved and achieve their purpose

**Figure 2** Assurance Maturity Ratings

Overall Portfolio Rating			
Managed			
Strategic Alignment & Construction	Performance and Risk	Management, Culture & Processes	Capability and Capacity
Managed	Performed	Managed	Initial and Improving

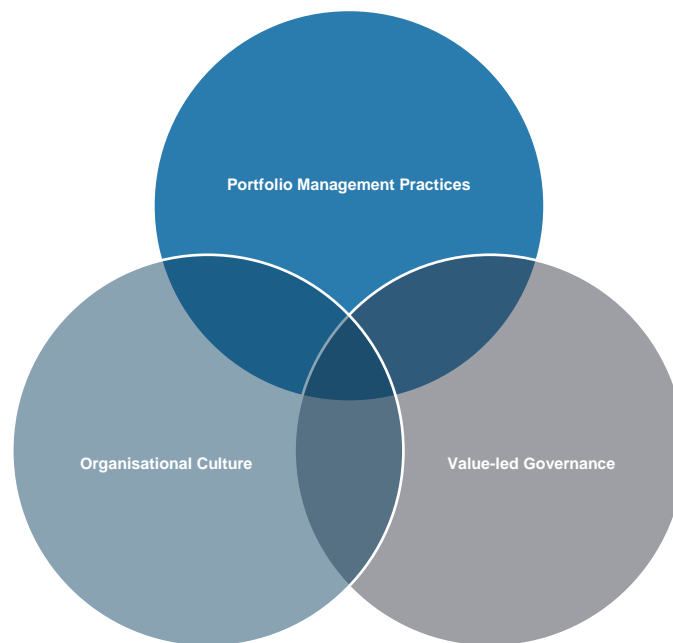
**Figure 3** Overall Assurance Maturity Ratings

## 6.2 Sustaining progress by promoting a collaborative organisational culture

The importance of organisational culture is highlighted in GovS 002, which identifies the portfolio director’s responsibility for promoting, a culture focussed on cross organisation, collaborative working which acts in the interests of the organisation as a whole.

Organisational culture is crucial to effective portfolio management, but the reverse is also true. The practice of portfolio management, with people working together on cross-organisational initiatives in pursuit of cross-organisational objectives, can itself help embed a more collaborative and empowering culture that crosses organisational silos. Hence, the focus above on encouraging active stakeholder participation in the implementation and development of portfolio management.

Just as there's a two-way relationship between the portfolio management practices and culture, so there is between governance and culture, particularly benefits-led governance (see Module 5). By focusing portfolio governance on benefits realisation and strategic contribution, and by engaging stakeholders actively in the operation of the portfolio, this encourages a more collaborative culture which in turn enables more effective portfolio management in a mutually reinforcing cycle.



**Figure 4** Practice, governance & culture

## 7 Supplementary Guidance

### 7.1 Sustaining progress

Sustaining progress can be a real issue, and requires the following:

- As the portfolio management practices are developed, focus on the key characteristics of effective portfolio management is retained.
- Active, participative approaches to stakeholder engagement so the development of portfolio management is a jointly-owned responsibility.
- Developing an organisational culture based on joint working in pursuit of shared portfolio objectives with a commitment to continuous improvement.
- Measuring portfolio performance and maturity.

#### 7.1.1 Sustaining progress by focusing on the six key characteristics of effective portfolio management

1. **An active process** – Portfolio management should not just be about data reporting but actively taking action by, for example: continuing to apply a disciplined approach to portfolio prioritisation based on measurable strategic contribution; early identification of delivery issues in areas such as resource and dependency management; taking the hard but necessary decisions to reallocate funding when appropriate by changing the default option at gates/decision points – (see Module 4); and maturing of benefits realisation.

This challenge is one that includes the portfolio office. The portfolio management office must be seen inside the organisation as change agents and contributors capable of acting as “conductors” who help teams meet corporate goals, not as just overseers relegated to reporting and reviewing schedules.

2. **A disciplined process that treats projects and programmes as investments.** Organisations should expect to see a return on investments where the benefits realised have a value (non-financial as well as financial) that exceeds the costs incurred. This requires discipline and consistency in application (and in some cases potentially difficult conversations). That’s not to suggest the portfolio management practices have no flexibility, only that where variations from agreed processes are proposed (for example, where in response to new ministerial or senior management priorities, funds are allocated to initiatives that do not meet the agreed portfolio investment criteria), they are made with a full understanding of the implications on the wider portfolio which is approved by the portfolio committee/investment committee.
3. **An evidence-based process** – using benchmarking data to improve cost and benefit forecasts; using scorecards and checklists to inform consistent portfolio prioritisation; and staged release of funding where incremental funding commitments are linked to confidence in delivery and benefits realisation.
4. **Enabling fast and frugal decision-making** – prioritisation does not require complex algorithms or advanced software systems. It is based on reliable and consistent data that enables executives to make informed decisions on the collection of initiatives that represents the greatest strategic contribution, subject to consideration of risk and constraints. The portfolio office should work with the portfolio governance bodies in developing investment criteria that reflect these characteristics (see Module 3), and in presenting data that enables senior management to make more informed decisions.

5. **Benefits-led** – benefits realisation represents the primary rationale for investing taxpayers' funds in projects, programmes and portfolios. Portfolio should therefore adopt and maintain a focus on benefits realisation and optimising strategic contribution across the portfolio life cycle.
6. **A decision making process** – portfolio management holds a mirror up to the organisation, providing a clear line of sight in relation to the initiatives and the collective portfolio position on: spend against budget, delivery against schedule, and benefits realisation against forecast. This visibility provides a basis for encouraging activist accountability (see Module 5) and continuous improvement as discussed below. One aspect of transparency/visibility is the use of short one-page summary documents including:
  - investment scorecards and checklists for assessing attractiveness and achievability (See Module 3);
  - portfolio dashboard reports and one-page summaries of delivery, spend and benefits realisation (See Module 3); and
  - creative use of graphical summaries such as Portfolio 'Bubble' Maps (See Module 3).

### 7.1.2 Sustaining progress with active, participative stakeholder engagement

Note – Further guidance on stakeholder management is available in GovS 011, Communication.

To sustain progress, and continuously improve and mature in an organisation, commitment should be built with five specific stakeholder constituencies – senior management, strategic and business planners, project delivery colleagues, Business as Usual, and central corporate functions.

1. **Building senior management engagement** – this can be facilitated by: nomination of a portfolio director who has the respect of other executives; agreeing a set of organisationally-specific benefits categories that are used to demonstrate strategic contribution; the use of decision conferencing to actively engage executives in portfolio prioritisation; and the portfolio director demonstrating the specific benefits of portfolio management and when they will materialise.
2. **Building commitment with strategic and business planners** – by jointly developing the portfolio objectives in the context of the wider organisational strategic objectives; facilitating strategic alignment by developing a portfolio benefits categorisation framework providing two-way traceability from strategy to initiative and vice versa; and feeding information back to planners on the achievement of strategic objectives and so enabling strategy to adapt in response to learnings from implementation.
3. **Building project and programme management (PPM) commitment** – for example by:
  - Adopting the **champion-challenger model** whereby the portfolio practices are open to challenge and improvement. This encourages the project delivery community to be actively involved in the portfolio practices, rather than perceiving them as something that is 'done to them'.
  - Establishing a **Portfolio Management Forum** – while not part of the formal governance structure, this group brings practitioners together from the strategic planning, project delivery, and operational business areas/benefit owners, to share experiences, best practice and concerns to improve the planning and delivery of change. This can increase stakeholder commitment to, and engagement with, the development of portfolio management. See the example in Module 1.
  - **Publicly celebrating delivery success** – ensuring that project delivery staff get credit and recognition for their achievements.
  - **Coordinating capability development in accordance with the Project Delivery Capability Framework (PDCF)** – the portfolio office can play a key role in enhancing delivery capability by, for example: promoting adherence to professional standards; developing a central repository of guidance materials; providing a cross portfolio training programme; and ultimately by ensuring

adherence to GovS 002 Principle 8 – **work is undertaken in multidisciplinary teams and is assigned to people who have the required capability and capacity.**

4. **Building benefit owner commitment** –by engaging them in the scheduling of initiative deployment and the consequent impact on operational performance; and the extent to which initiatives engage effectively with BaU on benefits realisation. Modules 4 & 5 highlighted the role of benefit owners who are responsible for forecasting and monitoring each benefit (GovS 002). These benefit owners, alongside operation and business as usual colleagues, have a crucial role to play in benefits realisation and ensuring that the portfolio achieves its objectives
5. Building corporate function relationships, including with Digital, Data and Technology (DDat), Finance, Risk Management, Commercial/Procurement and communications teams. This includes, ensuring:
  - Portfolio management processes are consistent with, and make appropriate use of, existing organisational processes and standards in areas such as financial and risk management. (See Module 4).
  - Ensuring these corporate functions understand the principles of portfolio management including the requirement to balance financial and non-financial benefits, and to consider return in the context of risk, at both initiative and portfolio level.

## 7.2 Measuring portfolio performance

Measuring portfolio and portfolio management progress does bring some very real benefits – in terms of:

- Demonstrating to stakeholders the value that is being delivered.
- Gaining valuable feedback on what’s working and what’s not working.
- Providing a basis for continuous improvement (along with the results of initiative closure reviews and ‘champion-challenger’ submissions).

Performance can be viewed from two linked perspectives:

1. The performance of the portfolio as reported, for example, in the portfolio dashboard report(s), in terms of improved delivery and benefits realisation.
2. The performance of portfolio management as an enabler for portfolio performance, in terms of: more informed portfolio prioritisation, a more strategically aligned and balanced portfolio, and more effective action to address barriers to delivery and variances from plan.

Portfolio management processes are consistent with, and make appropriate use of, existing organisational processes and standards in areas such as financial and risk management. (See Module 4).

This is facilitated by the development of an **integrated portfolio performance management framework**, encompassing data and insight on both the above perspectives from three main and interlinked sources:

1. The performance of the portfolio as reported, for example, in the portfolio dashboard report(s), in terms of improved delivery and benefits realisation.
2. A suite of Key Performance Indicators (KPIs) linked to the benefits of portfolio management; and
3. Regular qualitative feedback from stakeholders to augment the assessment of organisational energy (See section 6.5).

### 7.2.1 Portfolio Management Key Performance Indicators

Portfolio performance metrics chosen will be specific to the strategic objectives to which the portfolio is aligned. They should include:

- Portfolio component specific metrics addressing schedule, technical and financial performance;
- Aggregate level portfolio measures tracking the overall health of the portfolio, value creation and benefits realisation;
- Performance indicators alerting portfolio management of resources utilisation, issues and risks.
- A mix of leading and lagging indicators
- Quantitative and qualitative metrics to provide a ‘rich picture’ on performance.

The ‘tools, templates and examples’ section includes Portfolio KPI Frameworks with a suite of measures and indicators organised around the benefits of portfolio management from Module 1 (and an additional 6 intermediate benefits/leading indicators). These measures and indicators also cross refer to specific questions in the stakeholder survey of perceptions of portfolio effectiveness covered in the ‘tools, templates and examples’ section below.

### 7.3 Assessing Organisational Energy

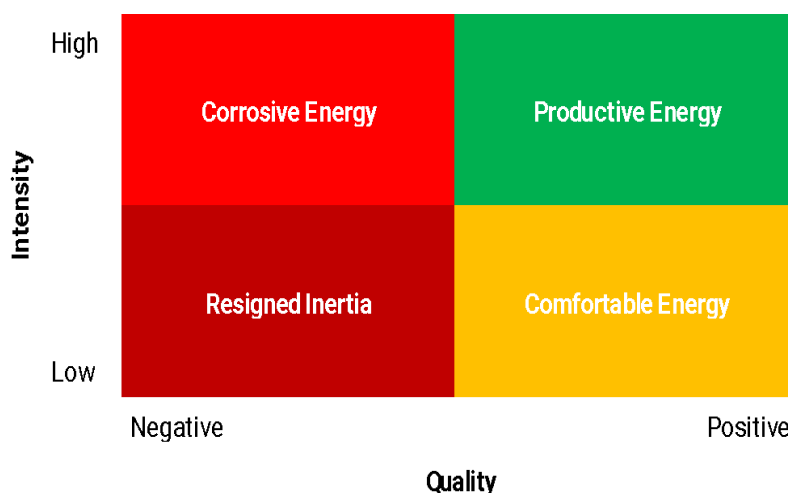
There is value in assessing organisational culture to ensure it is moving in the desired direction. This is approached from two perspectives. Firstly, the assessment of organisation energy derived from research by Bruch and Vogel (See Appendix 11); and secondly, the framework for assessing corporate culture from the IPA Assurance Workbook Portfolio & portfolio management.

Note this subject was briefly included in Management of Portfolios (MoP). The following expanded description is included with the kind agreement of Professor Bernd Vogel, Henley Business School.

The Energy Matrix proposed by Bruch and Vogel analyses organisational energy on the two dimensions of:

- **Intensity** - the degree to which an organisation has activated its emotional, cognitive and behavioural potential, ranging from low to high; and
- **Quality** - how an organisation uses its energy to recognise the extent to which emotional, cognitive and behavioural forces align with corporate goals, either negatively or positively.

This results in the four energy states shown in Figure 7.



**Figure 7** The Energy Matrix

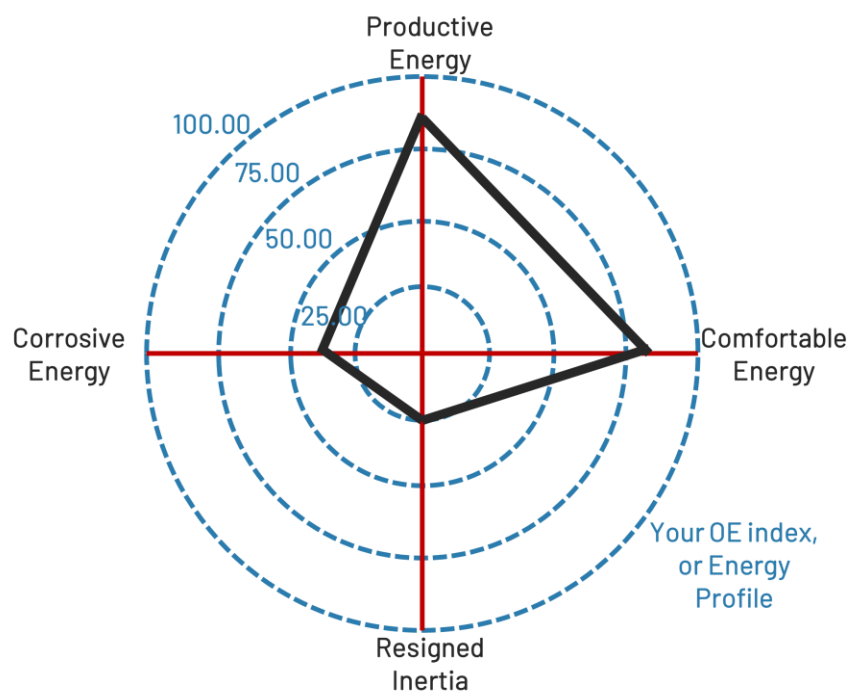
These energy states are defined as follows:

- **‘Productive energy’** - characterised by a strong commitment to shared goals in which employees enthusiastically apply intensely focused effort to their work.
- **‘Comfortable energy’** - characterised by high levels of satisfaction, feeling at ease, and a strong and growing sense of identification with the status quo.
- **‘Resigned inertia’** - characterised by indifference to corporate goals and low collective engagement.
- **‘Corrosive energy’** - characterised by anger and destructive internal conflicts, with business units pursuing silo-based agendas.

Note - 1. Staff satisfaction scores can be due to high levels of comfortable rather than productive energy. This is why an organisational energy assessment can provide insights beyond those available from staff satisfaction surveys. 2. All four energy states will exist within an organisation at the same time - what matters is the balance between them. But how can we measure this balance?

Appendix 11 includes Bruch and Vogel’s OEQ-12 assessment of organisational energy. The advantage of this simple 12 question assessment is that it enables us to rapidly obtain a snapshot assessment of organisational culture from a survey of stakeholders.

The result when respondents’ returns are averaged should be something that looks like Figure 8.



**Figure 8** The OE Index

Bruch and Vogel’s research suggests:

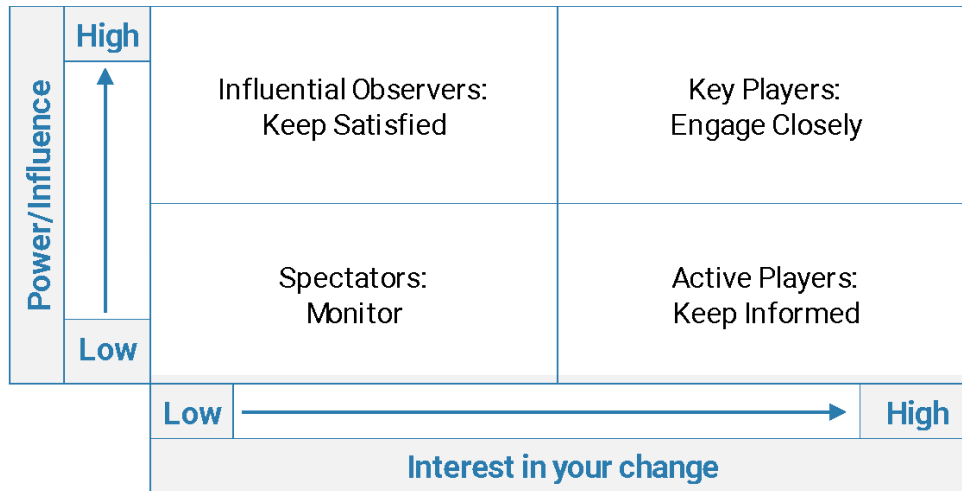
- Productive energy should be higher than 75%, with top performers having a benchmark score of 81%.
- Comfortable energy should be above 70% but not as high as productive energy, with top performers having a benchmark score of 75%.
- Resigned inertia should not be higher than 20-25%, with top performers having a benchmark score of 12%.

- Corrosive energy should not be higher than 20-25%, with top performers having a benchmark score of 18%.

What should be clear, is that not only is productive energy crucial to portfolio management effectiveness, but that portfolio management based on collaborative working towards shared goals, should contribute to higher levels of productive energy. This OE survey can then be repeated on a regular basis to assess progress. See 'tools, templates and examples' section for the organisation energy assessment questions.

## 8 Tools, templates and examples

### 8.1 Stakeholder Influence & Interest Map



**Figure 5** Stakeholder Influence & Interest Map

### 8.2 Stakeholder perceptions of portfolio management effectiveness

Portfolio stakeholders can be categorised by degree of interest in, and ability to, influence the portfolio.

It should also be remembered that the portfolio’s stakeholders will change over time, as will their relationship to, and views on, the portfolio, so stakeholder categorisation needs to be updated on an ongoing basis.

Whichever approach to stakeholder categorisation is adopted, the objective is to inform the design and delivery of more effective stakeholder engagement strategies, for example, to move a stakeholder from the ‘Influential Observers’ to the ‘Key Players’ category, and to prevent ‘Active Players’ drifting into the ‘Spectators’ category. This in turn depends on strategies to engage hearts as well as minds.

It is recommended that feedback on stakeholder perceptions is sought on a regular basis, for example, to inform the periodic portfolio reviews by the portfolio committee/investment committee.

The following short, 10 question portfolio effectiveness survey can be used for this purpose

Key Statements of Portfolio Effectiveness	Rating (1-10)
1. Do we have a clear view on what initiatives are ‘in flight’ and in planning, what they will cost and what business impact is anticipated?	
2. Do our investment appraisal and portfolio prioritisation process ensure limited resources (£, skills, equipment etc) are allocated to the initiatives with the greatest impact on organisational priorities subject to an acceptable level or risk/achievability?	

3.	Are the cost and benefit forecasts used to inform the investment decision accurate and reliable?
4.	Is initiative scheduling matched to the organisation's capacity and capability to deliver initiatives and absorb business change?
5.	Are funding allocations adjusted to reflect changes in organisational and ministerial priorities and initiatives performance so that spend remains aligned with strategy?
6.	Are limited /constrained resources (e.g. skilled staff) managed to ensure efficient delivery? Does initiative scheduling at a portfolio-level reflect resource availability?
7.	Are portfolio-level risks and dependencies between initiatives managed effectively?
8.	Is there a clear view of initiative performance against key milestones, costs and benefits, and is effective action taken to address variance from plan?
9.	Are initiatives delivered consistently on time and to budget?
10.	Are forecast benefits realised in practice with effective action taken to identify emergent benefits and mitigate disbenefits?

**Figure 6** Survey of Stakeholder Perceptions of Portfolio Effectiveness

**Rating guidelines:**

Each question can be answered using the IPA Assurance maturity ratings scale:

1. Initial (rating 1-2.5) - There is little evidence of the statement in practice.
2. Performed (rating 2.5-5) - There is some evidence of the statement, but adherence is ad hoc and it is not applied consistently across the portfolio.
3. Managed (rating 5-7.5) - There is clear commitment to the statement with processes in place in most cases, albeit with some non-compliance.
4. Optimised (rating 7.5-10) - The statement represents the norm and is managed to ensure continuous improvement.

Note that where this survey has been used for the current state assessment, the resulting average scores for each question can be used as the baseline against which to assess progress.

### 8.3 Organisation Energy Assessment

1. Initial (rating 1-2.5) - There is little evidence of the statement in practice.

Question no.	People in my department/unit/team	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
1.	... like what they are doing.					
2.	... do not have much drive.					
3.	... feel relaxed in their jobs.					
4.	... are angry in their jobs.					
5.	... feel enthusiastic in their jobs.					

6.	... have no desire to make something happen.
7.	... often speculate about the real intentions of management.
8.	... really care about the fate of the organisation.
9.	... are efficient in how they conduct their work.
10.	... often behave in a destructive manner.
11.	... go out of their way to ensure that the organisation succeeds.
12.	... feel discouraged in their jobs.

**From:** Bruch, H. & Vogel, B (2011) *Fully Charged*, Harvard Business Review Press

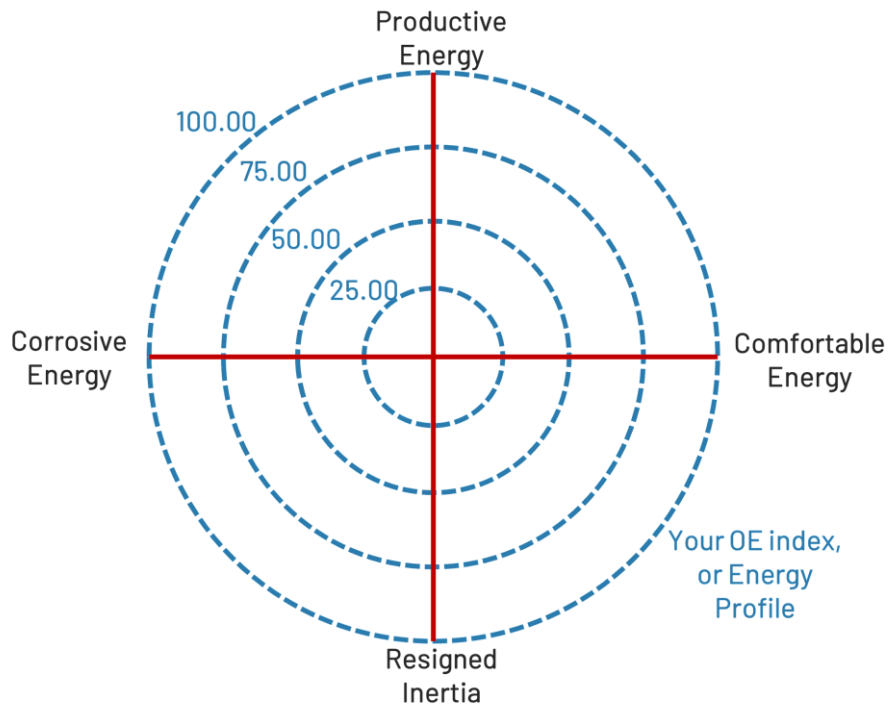
2. Initial (rating 1-2.5) - There is little evidence of the statement in practice.

Allocate scores in the table below for each of the answers on the OE Questionnaire as follows:

Strongly agree- 100; Agree - 75; Neutral - 50, Disagree - 25, Strongly disagree - 0

Question	Score	Question	Score	Question	Score	Question	Score
5		1		2		4	
8		3		6		7	
11		9		12		10	
Total		Total		Total		Total	
Divided by 3 = Productive Energy Score		Divided by 3 = Comfortable Energy Score		Divided by 3 = Resigned Energy Score		Divided by 3 = Corrosive Energy Score	

3. Initial (rating 1-2.5) - There is little evidence of the statement in practice.



**From:** Bruch, H. & Vogel, B (2011) *Fully Charged*, Harvard Business Review Press

## 8.4 Assessing Organisational Culture

The IPA Assurance Workbook Portfolio & portfolio management, includes an assessment of culture – “The organisation should have a culture that allows for portfolio management to succeed, such as welcoming check and challenge, working together to move the organisation forward, not just individual areas, and being open and transparent.” It’s worth considering the areas encompassed by this assessment as shown below.

### Example: IPA Assurance of Culture

The 8 questions posed by the IPA assurance of culture are:

1. Does the organisation have a culture that enables effective portfolio management? Is portfolio management championed from the head of the organisation?
2. How does the wider organisation view the portfolio? Is it recognised as being the body which sets standards, controls, tolerances and the organisation’s package of projects and programmes?
3. Are senior decision makers willing to make the difficult decisions needed and are (they) actively involved in managing the portfolio?
4. Does the organisation have a culture of openness and transparency that allows for a true picture of performance to be understood and communicated?
5. Is there a strong culture of accountability for delivery in the organisation in support of the portfolio?
6. Does the organisation have a culture that welcomes internal checks and challenges to help drive improvements in the management of the portfolio and the projects and programmes in the portfolio?

7. Is it understood across the organisation that delivering the strategy is a collective responsibility and so (it) is understood that projects and programmes may need to be stopped, slowed, or scaled back?
8. Are there areas of resistance to effective portfolio management? What is driving this?

Note the references above to many of the themes discussed across the six modules in this Guide, including: challenge (in producing more reliable investment proposals); transparency/visibility (in determining strategic contribution and reporting portfolio progress); making the difficult decisions regarding re-allocation of funds (for example, by changing the default option at gates/decision points and applying staged release of funding); forward-looking accountability; and championing by a portfolio director.

### 8.4.1 A vision of the future

Attention should also be given to strategies to engage stakeholders more generally in the portfolio’s ‘story of change’ and bringing the ‘Voice of the Customer’ into the development of the portfolio.

#### Example - Painting a Picture of the Future

The following extract is from the Axelos White Paper on the implementation of Management of Portfolios at the Office of National Statistics (ONS).

“As part of the development of the new ONS strategy, we came up with the concept of the ONS future wall, a 10-metre space for people to paint or draw how they saw themselves and ONS changing over the next 15 years. The Director General opened the future wall by providing a summary of what he saw as the big things in the future. From that point on we found the ONS future wall to be incredibly popular because it created an inclusive platform for people to contribute to the future direction of the organisation’s strategy and portfolio delivery journey.”



**Figure 9** The ONS Future Wall

## 8.5 Portfolio Management KPI Framework – Intermediate Benefits KPIs

### Portfolio management sample measures and Indicators

No.	End Benefit	Sample Measures and Indicators	Stakeholder Survey of Portfolio Management Effectiveness
1	'Clear line of sight' on the content and status of the portfolio (and development pipeline), progress v Schedule, spend v budget and benefits realisation v plan.	1. Existence of a reliable portfolio dashboard report covering: <ul style="list-style-type: none"> <li>■ Progress against key milestones;</li> <li>■ Spend v budget; and</li> <li>■ Benefits realised compared to forecast.</li> </ul> 2. Rating by Portfolio Committee or Investment Committee & Portfolio Progress Group on the extent to which they have a clear/transparent view of the Portfolio and its anticipated and actual performance e.g. answers to Stakeholder Survey Questions 1 & 8.	<b>Statement 1.</b> There is a clear view on what initiatives are 'in-flight' and in planning, what they will cost and what business impact is anticipated. <b>Statement 8.</b> There is a clear view on initiative performance against key milestones, costs and benefits and effective action is taken to address variance from plan.
2	Timelier, evidence-based decision making about where to invest/continue to invest.	1. Existence of reference class/optimism bias data from completed initiatives. 2. More reliable cost and benefit forecasting as evidenced by reference class/optimism bias data (reduced gap between forecast and outcome.) 3. Stakeholder Survey rating on Statement 2. 4. Stakeholder Survey rating on Statement 3. 5. Speed with which Initiatives pass through the project pipeline (time spent at each stage)	<b>Statement 2.</b> Our investment appraisal and portfolio prioritisation process ensure limited resources are allocated to the Initiatives with the greatest impact on organisational priorities subject to an acceptable level of risk/achievability. <b>Statement 3.</b> The cost and benefit forecasts used to inform investment decisions are accurate and reliable
3	Improved visibility of logical dependencies.	1. Existence of a portfolio dependency matrix or inclusion of critical dependencies on the portfolio delivery schedule. 2. Stakeholder Survey rating on Statement 7. 3. Reduction in schedule delays attributable to failure to manage logical dependencies.	<b>Statement 7.</b> Portfolio-level risks and dependencies between initiatives are managed effectively.
4	Improved visibility on demand/supply for constrained resources.	1. Existence of an up-to-date resource schedule. 2. Reduction in schedule delays attributable to failure to manage dependencies.	
5	Increased flexibility - Funding can be reallocated in response to changed conditions.	1. % of the portfolio invested in modular initiatives. 2. Existence of adequate management reserve. 3. Assessments by the Portfolio Director on the extent to which staged release of funding has been implemented linking funding to continued strategic alignment and initiative performance. 4. Stakeholder Survey rating on Statement 5.	<b>Statement 5.</b> Funding allocations are adjusted to reflect changes in current organisational and ministerial priorities and initiative performance so that spend remains aligned with strategy.
6	Improved delivery capability & capacity	1. IPA Assurance rating for Capability & Capacity 2. Trend in Delivery Confidence Ratings. 3. Improved on time/budget delivery.	<b>Statement 4.</b> Initiatives scheduling is matched to the organisation's capacity and capability to deliver initiatives and absorb business change.

## 8.6 Portfolio Management KPI Framework – End Benefits KPIs

### Portfolio management sample measures and Indicators

No.	End Benefit	Sample Measures and Indicators	Stakeholder Survey of Portfolio Management Effectiveness
1	Removal of redundant, duplicate, low value and poorly performing initiatives.	<ol style="list-style-type: none"> <li>1. Shape of the portfolio pipeline – a 'funnel' rather than a tunnel.</li> <li>2. Number% of new ideas progressed to SOBC/OBC/FBC.</li> <li>3. Number of FBC's Approved.</li> <li>4. Stakeholder Survey rating on Statement 5.</li> <li>5. IPA Assurance rating on performance and risk.</li> </ol>	<p><a href="#">Statement 5</a>. Funding allocations are adjusted to reflect changes in current organisational and ministerial priorities and Initiative performance so that spend remains aligned to strategy.</p>
2	Improved initiative delivery on time and to budget from more effective management of constraints, risks and dependencies.	<ol style="list-style-type: none"> <li>1. Stakeholder Survey rating on Statement 4.</li> <li>2. Stakeholder Survey rating on Statement 8.</li> <li>3. Stakeholder Survey rating on Statement 9.</li> <li>4. % (by number and value) of Initiatives currently on schedule.</li> <li>5. % (by number and value) of Initiatives where spend is within budget.</li> <li>6. Reference class data on completed Initiatives – delivery on time and to budget; actual performance compared to forecast and trend in this data.</li> <li>7. IPA Assurance rating on performance and risk.</li> </ol>	<p><a href="#">Statement 4</a>. Initiative scheduling is matched to the organisation's capacity and capability to deliver initiatives and absorb business change.</p> <p><a href="#">Statement 6</a>. Limited/Constrained resources are managed to ensure efficient delivery i.e. Initiative scheduling at a portfolio-level reflects resource availability.</p> <p><a href="#">Statement 8</a>. There is a clear view on initiative performance against key milestones, costs and benefits and effective action is taken to address variance from plan.</p> <p><a href="#">Statement 9</a>. Initiatives are delivered consistently to time and budget.</p>
3	Increased benefit realisation and strategic contribution.	<ol style="list-style-type: none"> <li>1. Trend data on benefits realisation compared to forecast – analysed by portfolio benefit category.</li> <li>2. Post-closure review RAG rating.</li> <li>3. Stakeholder survey rating on Statement 10.</li> </ol>	<p><a href="#">Statement 10</a>. Forecast benefits are realised in practice with effective action taken to identify emergent benefits and mitigate disbenefits.</p>
4	A more strategic aligned and balanced portfolio.	<ol style="list-style-type: none"> <li>1. Balance of spend by segment/category; by project lifecycle stage; risk/return profile etc. and trend analysis.</li> <li>2. Stakeholder survey rating on Statement 2</li> <li>3. Trend in initiative attractiveness</li> <li>4. IPA assurance rating for strategic alignment and definition.</li> </ol>	<p><a href="#">Statement 2</a>. Our investment appraisal and portfolio prioritisation process ensure limited resources are allocated to the Initiatives with the greatest impact on organisational priorities subject to an acceptable level of risk/achievability.</p>
5	More efficient use of constrained resources.	<ol style="list-style-type: none"> <li>1. Constrained resource utilisation rates.</li> <li>2. Resource buffer.</li> <li>3. Reduction in unplanned delays due to resource constraints.</li> <li>4. Stakeholder survey rating on statement 6.</li> <li>5. IPA assurance rating on capability and capacity.</li> </ol>	<p><a href="#">Statement 6</a>. Limited/Constrained resources are managed to ensure efficient delivery i.e. initiative scheduling at a portfolio -level reflects resource availability.</p>
6	Savings from more disciplined control over the start of initiatives.	<ol style="list-style-type: none"> <li>1. Staff suggestions made under the 'champion-challenger' model.</li> <li>2. Time taken and cost to produce business cases.</li> <li>3. Speed of Initiatives through the development pipeline</li> </ol>	
7	Improved reputation for investment of taxpayer funds.	<ol style="list-style-type: none"> <li>1. IPA assurance overall rating.</li> <li>2. Average rating from stakeholder surveys.</li> </ol>	

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