

**Committee and Date**

Finance and Improvement Overview and Scrutiny Committee

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Item

Public

Organisational Transformation: lessons learned review

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1. Synopsis

- 1.1. This report shares the findings of an independent review of the PwC Transformation Commission (2023-2025). The review was undertaken by Local Partnerships and focussed on the strategic purpose of the partnership with PwC, how the relationship was managed, and the extent to which it achieved the original objectives established. It provides a summary of the lessons that can be learned and guidance for how similar work could be managed in the future. The review will inform how the Councils future transformation and change portfolio is managed, including how any external support is commissioned. This report provides initial responses to some of the 'critical' and 'essential' observations made by Local Partnerships.
- 1.2. The review was primarily a forward-looking, collaborative exercise, aimed at identifying opportunities for improvement. It was not an audit, nor intended to apportion fault or blame. It involved examining programme documentation and conducting non-attributable interviews with stakeholders to understand delivery, risks, and issues.

2. Executive Summary

- 2.1. Aligned to the Shropshire Plan, the Council's Transformation Programme was established in 2023 as a wide-ranging, strategically driven portfolio of projects designed to modernise services, deliver significant financial savings, and reshape the organisation for long-term sustainability. The Council engaged PwC as its 'strategic transformation partner' because it lacked the specialist capacity needed to deliver a large-scale change programme at pace. It required expert support to help identify and deliver more than £30 million in recurrent savings, redesign its organisational operating model, and undertake complex work on customer experience, commissioning, and third-party spend.
- 2.2. Working in partnership with PwC from March 2023, the Council pursued a programme of service reviews, digital modernisation, third-party spend reduction, and operating model redesign. The initial contract with PwC was for 12 months (March 2023–March 2024) with two optional 12-month extensions, both of which were exercised. Following the

early termination of the contract in September 2025, the Council's Improvement Board recommended a 'lessons learned' review be commissioned considering concerns about the overall impact of the programme and delivery of savings.

- 2.3. A review was commissioned as part of the LGA sector-led improvement support to the Council. The purpose of the review, undertaken by Local Partnerships, was to provide an independent and objective assessment of the way in which the contract was overseen so as to identify the lessons to be learned in commissioning and managing such an assignment and to offer constructive advice on how such work could be managed in the future. The review did not include a forensic financial analysis or technical commentary but provided an independent forward-looking, collaborative exercise, aimed at identifying opportunities for improvement and development.
- 2.4. The learning and recommendations from the review will inform how the Council manages its 'transformation and change' portfolio in the future – which is a key action within the Council's Improvement Plan, and a key facet of the Council's financial sustainability strategy. The review summarises fourteen lessons learned, including some identified as 'critical' or 'essential'. The initial response to those is summarised at section 5 of this report.

3. Recommendations

- 3.1. The Improvement Overview and Scrutiny Committee is recommended to:
- (a) Note the lessons learned and recommendations from the independent review, and the actions being taken to strengthen the approach to managing and overseeing transformation and change activity.
 - (b) Note the intention to report regularly to both this Committee and Cabinet about progress with the delivery of the Council's transformation and savings portfolio, ensuring appropriate oversight and scrutiny.

Report

4. Risk Assessment and Opportunities Appraisal

Risk	Mitigation
A lack of senior leadership oversight and awareness of the Council's transformation, change and improvement programme	The Leadership Board meet as a Transformation and Change Board monthly to review progress against the Improvement Plan and transformation projects. The Budget, Transformation Change and Review Panel (BTCRP) – comprising several members of the Leadership Board including the s151 Officer and Deputy Chief Executive - considers all major transformation proposals, and the investment and resources needed to deliver them.
Low visibility of the transformation, change and improvement programme and uncertainty about	The transformation and change portfolio will be monitored by the Corporate Programme Management Office (PMO) ensuring regular reporting of progress and

the progress and impact it is delivering particularly at a political and public level	benefits realisation. This information will be routinely presented to Leadership Board, Improvement Board, Scrutiny and Cabinet.
Poor compliance with commissioning and procurement best practice, rules and regulations	<p>Investment in the Procurement and Contract team. Update guidance on intranet on Procurement and compliance</p> <p>Procurement and Commissioning function to be sighted of, and involved in, any future commissioning of transformation support</p> <p>New Procurement and commissioning structure in place</p> <p>New Procurement and Commissioning Strategy to be taken to June Cabinet recognising it must be owned by all parts of the organisation</p> <p>Developing new gateway processes to have clarity of compliance and transparency.</p>
Realistic Savings Proposals	All major savings proposals are taken through the Budget, Transformation Change and Review Panel (BTCRP). Progress and agreed with service leads and finance. These are then monitored through a robust governance and benefits realisation process.

5. Responding to the lessons learned

- 5.1. It is important the Council draws on the lessons learned as it develops its refreshed transformation and savings portfolio as part of its Improvement Plan and Financial Sustainability Strategy. Work to develop the portfolio of programmes and projects is ongoing, but the approaches and arrangements currently being mobilised respond to the 'critical' and 'essential' lessons identified by Local Partnerships - include:

Critical / Essential Lesson Learned	Response
The decision to embark on any future transformation programme should be supported by a suitable business case. This should include an options appraisal of how the market is to be engaged (Commercial Case), Programme Managed (Management Case) and best value ensured (Economic Case)	All change and transformation proposals are considered by the <i>Budget, Transformation and Change Review Panel (BTCRP)</i> . The Panel assesses proposals on several criteria including alignment with the Council's strategic priorities, complexity of delivery, benefits realisation and return on investment and intention. If agreed full business cases and delivery plans are developed.
Governance arrangements should ensure that a broader constituency of senior leaders are involved in key decision-making, in particular with regards to commercial management of the contract. Consideration should also be given to succession planning and continuity to long term transformation programme governance.	<p>The BTCRP involves several directors. There is also a monthly <i>Leadership Board (Transformation and Change)</i> meeting, providing an overview of all major transformation and change activities.</p> <p>The centralised Procurement and Commissioning function will oversee any commercial arrangements and includes an investment of Procurement team aiming to get the right skills and expertise to support the councils aims in the most cost effective way.</p> <p>A new contract management system will ensure that every contract has a contract owner with clear accountability for the monitoring of the contract. In addition, they will need to ensure that KPI's are clear and concise and for large value contracts will have to evidence compliance, making it more</p>

	<p>visible to the organisation. Contract management training is also being planned across the organisation to upskill officers and ensure consistency and the right level of resource and time is spent in actively monitoring the contracts.</p> <p>There is greater ownership, visibility and oversight politically through cabinet and scrutiny committee and also with external partners through the Improvement Board.</p>
<p>Ensure future transformation programmes undergo regular assurance reviews to make sure strategic coherence is maintained through the lifetime of the programme.</p>	<p>The <i>Programme Management Office (PMO)</i> will monitor the realisation of benefits and the return on investment and intention throughout the life of programme or projects. Benefits and return on investment will be required for all programmes and projects as part of the new approach for agreeing change and transformation proposals. In addition, the council will make clear roles and responsibilities including contract management and oversight on delivery.</p>
<p>The council should consider applying more robust scrutiny to such commissions in future. This should include scrutiny by members and the use of Internal Audit.</p>	<p>Appropriate scrutiny arrangements will be considered should there be similar commissions in the future. This will include consideration of using Internal Audit to review major projects.</p> <p>All business cases for external consultancy support should be presented and to the commissioning delivery groups to offer additional layer of challenge prior to any commissioning activity; this will need procurement oversight.</p> <p>Further political oversight through the Finance and Improvement Overview and Scrutiny Committee and Cabinet routinely.</p>
<p>The council should ensure that future transformation programmes are embraced by the entire organisation, both officers and members, rather than just parts. It is suggested that this is achieved through active and visible senior leadership and effective communication.</p>	<p>There will be more visibility and communications of the transformation and change portfolio, as part of an overall Financial Sustainability Strategy. This has a refreshed transformation and change portfolio at its heart. All transformation programmes will go through the BTCRP and as appropriate discussed with portfolio lead member or at the One Shropshire Board which includes all Leadership board and cabinet members.</p> <p>All transformation programmes will have both PMO and senior leadership leads. In addition, each programme will have officer leads working alongside PMO, leadership and any external support with clear political oversight with a focus on transferring skills from commissioned delivers to staff.</p>
<p>The roles and responsibilities of the future transformation partner, project management office and the individual services need to be clearly defined prior to commencement.</p>	<p>Scoping documents will be in place developed with services, PMO and commissioners with contracts and governance making clear reference to responsible officers and senior leaders, alongside PMO support</p>
<p>The effective operation of the Finance function should be a critical success factor for future transformation programmes, with the Section 151 Officer, Finance staff and important financial management systems and processes at the heart of the programme.</p>	<p>Following on from the independent investigation work carried out by CIPFA on behalf of MHCLG, the work of the Corporate Peer Challenge (including their revisit) and requests from the new Chief Executive and Leadership Board, work is underway to review and to strengthen the finance function including the management of future transformation and other major projects.</p> <p>All transformation programmes and associated plans will need approval to proceed from the Budget, Transformation and Change Review Panel (BTCRP). The BTCRP membership includes the S151 Officer and Deputy.</p> <p>These approvals will represent (at least for the larger projects) the initial approval prior to Cabinet decision. Updates of the entire programme will be open and transparent and subject to</p>

	<p>regular reports to Cabinet and Overview and Scrutiny. Service Directors will provide briefings to Cabinet members and others as appropriate.</p> <p>As part of BTCRP approval, challenges will be made to ensure that proposals are properly costed and benefits clear, including the incidence of these costs. Proposals will have received prior scrutiny from Finance Business Partners (FBPs) before proceeding.</p>
<p>In undertaking digital transformation, the council should make sure it has the capability and capacity to.</p> <ul style="list-style-type: none"> • Understand the system technology experience • Be clear on what is required as an intelligent client on behalf of the organisation • Understand the adviser market and structure the procurement and partnership in a way that achieves value for money • Understand the capacity of departments to engage and that BAU is not a constant • Appreciate the difficult obligations that transformation brings in terms of re-designing processes that result in surplus staff. 	<p>A Digital Transformation Programme is being implemented as part of the Council's Improvement Plan (Programme 9), supported by the Digital Strategy 2026–2030. All digital, data and automation activity is now brought together into a single, prioritised programme, using a transparent framework that assesses statutory risk, financial impact, demand reduction, deliverability, dependencies and reputational sensitivity. This ensures the Council focuses its limited capacity on the most important activity and delivers a realistic, outcome-focused programme.</p> <p>In practice, this will result in simpler, more joined-up services for residents, with fewer forms, less repetition and faster decisions, reducing avoidable demand and cost. What is different is that transformation is now owned by services, supported by digital expertise, with clear accountability and measurable benefits for every initiative. All new commissioned activity will go through strengthened commissioning and procurement governance to ensure value for money and that the Council acts as an informed and effective client.</p> <p>All new commissioned activity will go through the commercial commissioning delivery groups which will ensure procurement advice on best route to market to maximise value for money.</p>
<p>The council should ensure that future transformation programmes are led by council officers forming a 'smart client' function. This should define the strategic direction of the programme, actively manage the 'delivery partner' and provide a visible lead on all communications to the entire organisation.</p>	<p>The strategic direction of the transformation and change portfolio is defined by the Council's Financial Sustainability Strategy and the future council principles set out in the Improvement Plan. New change and transformation proposals are considered by the BTCRP including their alignment with those principles and the overall Corporate Plan and strategic priorities of the Council.</p> <p>The Council is also supporting officers to look at service specifications and clarity on services needed and the monitoring of these services. Oversight of commissioning activity and risks will be reported into the new Commissioning and Programme Board chaired by the S151 Officer.</p>
<p>The on-going assessment of the status of realisable savings identified by PwC should be completed and confirmed by the council i.e. the savings implemented and accounted for in revenue budgets, the saving values agreed as realisable, accounted for in revenue budgets but not yet implemented, saving values agreed as realisable but awaiting action to implement and reflect in budgets.</p>	<p>The potential for savings in 2026/27 and further transformation opportunities has been explored across the organisation through a range of 'savings surgeries' to ascertain the status and understanding of revenue budgets and savings implementation, and a new Budget and Business Planning approach will explore additional savings opportunities including one-offs, recurrent and cost avoidance. Several facets of the PwC proposed savings are being pursued through the Digital Programme.</p>

6. Financial Implications

- 6.1. There are no financial implications arising directly from this report. It is however recognised that the Council requires an ongoing programme of transformation to reduce unit costs, modernise service delivery, improve customer service and generate efficiencies
- 6.2. Shropshire Council continues to manage unprecedented financial demands, and a financial emergency was declared by Cabinet on 10 September 2025. The overall financial position of the Council is set out in the monitoring position presented to Cabinet on a quarterly basis.
- 6.3. Significant management action has been instigated and continues to be refined and implemented at all levels of the Council reducing spend to ensure the Council's financial stability and sustainability.
- 6.4. While all reports to Members provide the financial implications of decisions being taken, this may change as officers and/or Portfolio Holders review the overall financial situation and make decisions aligned to financial sustainability. All non-essential spend is being challenged by service directors and should not be incurred and other spend routinely challenged. These actions may involve (this is not exhaustive):
 - scaling down initiatives,
 - changing the scope of activities,
 - delaying implementation of agreed plans, or
 - extending delivery timescales.
- 6.5. The Budget, Transformation & Change Review Panel (BTCRP) is fundamental to introducing new rigour to the development of projects supporting transformation. It will help to ration and prioritise limited financial resources to those schemes likely to give the optimum return for any investment required. Most importantly, it is a vehicle to create an accountability framework for the multiple projects undertaken across the Council, with named directors and projects responsible for the management and delivery of approved projects.
- 6.6. The review undertaken by Local Partnerships for this review formed part of the programme of sector-led support provided and funded by the LGA. The calculation and confirmation of the resources required to implement the findings and what is required to realise financial sustainability will evolve as part of the new transformation and change portfolio, and the arrangements put in place to support and enable the delivery of the programmes and projects in it.

7. Climate Change Appraisal

- 7.1 Not applicable

8. Conclusion

- 8.1. The independent review undertaken by Local Partnerships has provided the Council with clear, constructive insight into our previous approach to transformation. We welcome the challenge and learning which are helping to shape a fundamentally different way forward and ensure we are a 'smarter' client of any future consultancy support. The changes now

being put in place including the Budget, Transformation and Change Review Panel, strengthened finance and procurement functions, a more robust PMO, and clearer accountability for delivery demonstrate a step change in how we plan, commission, and oversee major transformation. There will be greater visibility, stronger elected member oversight, and a clear expectation that transformation is owned and led by the organisation as a whole. We have listened, learned, and acted. As a result, we are more self-aware, more resilient, and better equipped to deliver sustainable change with both confidence and control.

Appendices

Appendix 1: Report by Local Partnerships: Organisational Transformation Programme: Lessons Learned Review
