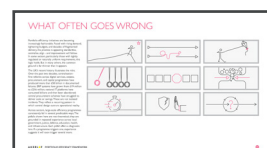
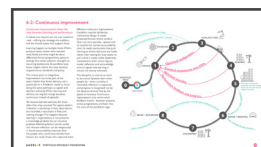
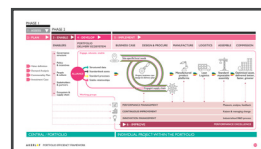
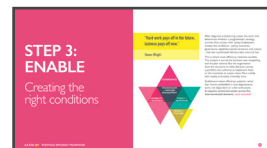
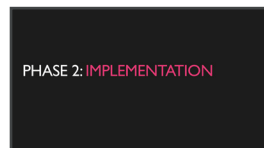
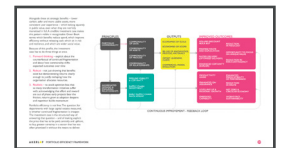
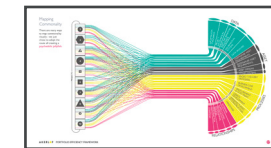
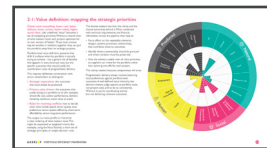
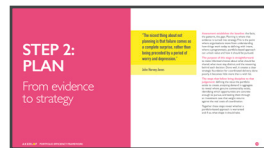
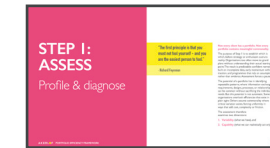
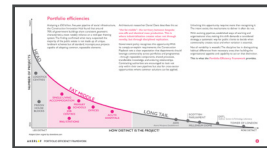
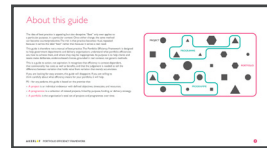
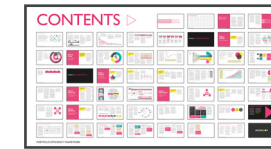


PORTFOLIO
EFFICIENCY
FRAMWORK

CONTENTS

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EXECUTIVE SUMMARY

Our social and economic infrastructure is delivered as families of broadly similar assets, under recurring policy aims, with recurring constraints. Yet the instruments that govern them – business cases, approvals, contracts, accountabilities – are still written in project grammar. Portfolio logic is discussed at conferences; project logic is embedded in process.

The result is a system that produces many buildings but very little compounded learning. Independent inquiries across the public sector have documented at least £32 billion in avoidable overspends, maintenance backlogs and duplicated effort, with a further £15–20 billion a year in efficiency opportunities that never materialise because programmes are delivered in isolation rather than as portfolios. In an industry responsible for roughly 6–9% of GDP and over half of national capital formation, this is not noise. It is how the system currently works.

The Portfolio Efficiency Framework (PEF) starts from three uncomfortable observations.

First, most of the public estate lives in the middle of the spectrum: repeat work with modest, manageable variation. The Construction Innovation Hub's Defining the Need study suggests around 70% of demand shares “mid-span” characteristics. The question is not whether there is repetition; the question is whether you choose to benefit from it.

Second, efficiency is structurally mispriced. Acting as a system-level client has real costs: building common data structures, agreeing shared requirements, designing standard solutions, adapting contracts, changing roles. Those costs land early and centrally. The benefits arrive later and diffusely, in slightly faster projects, slightly fewer defects, slightly lower whole-life costs – and in failures that quietly do not occur. In a world of annual budgets and project-based business cases, the spreadsheet quite rationally prefers bespoke inefficiency that pays off today to portfolio investment that pays off slowly and mostly in someone else's account.

Third, most attempts to fix this have failed in predictable ways. Ambitions are set “everywhere, for everything, at once”. Designs are produced at the centre with filtered information and thin operational insight. Blueprints are rolled out wholesale, with limited opportunity to learn between pilots and national adoption. Governance structures and reporting regimes grow rapidly, sometimes to the point where they consume the savings they were meant to unlock. In the rush to make things the same, essential variation – clinical models, safeguarding requirements, local service integration, political constraints – is treated as resistance rather than design input. When the programme stalls, the system reverts to project-by-project delivery until the next reform arrives with a new logo.

The PEF is designed as an antidote to these habits. It is diagnostic before it is prescriptive. Its first service is to legitimise three questions that rarely appear in strategy papers:

1. **Do we have the right kind of portfolio at all?** Not every cluster of projects is a platform opportunity. The Framework maps variability across four lenses – data, assets, processes and relationships – to distinguish essential variation from habitual divergence.
2. **Do we have the capability to act on it?** Portfolio thinking requires reliable information, clear decision rights, people who can steward shared standards, and delivery partners willing to use them.
3. **Are we clear what we are trying to make common, and why?** Commonality often sits in less obvious places: how the information is structure, which designs and systems are reused, how relationships with the supply chain are framed.

Where those tests show promise, the PEF offers a way to proceed that does not rely on heroics. It helps define a value hierarchy – what the portfolio optimises for, and what it is prepared to trade. It builds a demand picture that shows where repetition really sits. It translates this into a commonality plan – what must be the same, what should be the default, what must remain different – and an investment case that treats portfolio efficiency as a long-term asset rather than a short-term saving.

Only then does it turn to implementation: putting in place the governance, incentives, organisational capability and external partnerships that allow common elements to exist; developing and curating those elements so they remain usable rather than proliferating into an impenetrable catalogue; and managing adoption, compliance and change so that justified variation strengthens the common assets instead of quietly bypassing them.

The PEF does not promise to “industrialise delivery”. It is a disciplined way of choosing your inefficiencies. You can continue with an accidental portfolio that wastes what it repeats, or you can build a deliberate one that learns from it. The Framework cannot make that choice for you. It can, however, make it harder to pretend that you have not already made it.

PORTFOLIO EFFICIENCY FRAMEWORK

About this guide

The idea of best practice is appealing but also deceptive. “Best” only ever applies to a particular purpose, in a particular context. Once either change, the same method can become counterproductive. The risk is that practice becomes ritual, repeated because it carries the label “best” rather than because it serves a real need.

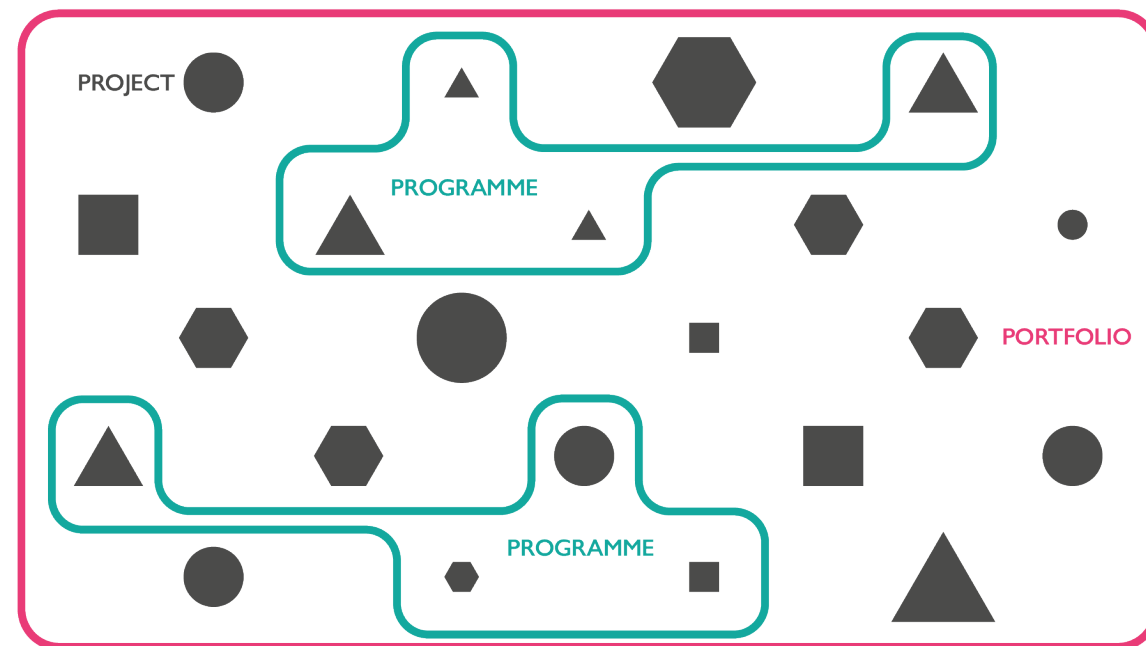
This guide is therefore not a manual of best practice. The Portfolio Efficiency Framework is designed to help government departments and delivery organisations understand what portfolio efficiencies are, how to achieve them, and where they may be inappropriate. Its purpose is to help clients and teams make deliberate, evidence-based choices, grounded in real context, not generic methods.

This is a guide to action, not aspiration. It recognises that efficiency is context-dependent, that commonality has costs as well as benefits, and that the judgement is needed to tell the difference between variation that holds value from variation that merely accumulates.

If you are looking for easy answers, this guide will disappoint. If you are willing to think carefully about what efficiency means for your portfolio, it will help.

PS – for any pedants, this guide is based on the premise that:

- » **A project** is an individual endeavour with defined objectives, timescales, and resources.
- » **A programme** is a collection of related projects, linked by purpose, funding, or delivery strategy.
- » **A portfolio** is the organisation’s total set of projects and programmes over time.



Introduction

Public sector capital delivery is caught in a structural pattern. Projects are treated as standalone efforts, with their own brief, business case, team, and delivery process. Sometimes this produces remarkable individual outcomes. But the system it sustains haemorrhages value.

Since 2010, official inquiries have documented at least £32 billion in avoidable cost overruns, maintenance backlogs, and duplicated effort across healthcare, prisons, schools, defence, and emergency services infrastructure, and an estimated £15–20 billion in annual efficiency opportunities that remain uncaptured because programmes are delivered in isolation rather than as portfolios.

The model no longer fits the need. Demand for social infrastructure continues to rise whilst public finances tighten, and supply side challenges and skills shortages deepen. Under these conditions, isolated project delivery isn't just inefficient it's unsustainable.

However, the industry remains bound to habit. Temporary teams mobilise, deliver under pressure, then disperse, repeatedly. The ingenuity is real, but the fragmentation carries a price. We solve problems well in isolation, but we miss the chance to solve them better together.



Recognising the opportunity

There are, however, signs of change.

The Ministry of Justice's New Prisons Programme, the Ministry of Defence's SLA programme, and the NHS New Hospital Programme have all begun to adopt 'industrialised' approaches: consciously removing unwanted variability to develop common solutions and build enduring relationships through alliance-based models.

Policy points in the same direction. Both the Construction Playbook and Constructing the Gold Standard call for demand to be managed through portfolios and for efficiencies to be captured across programmes. The principles are clear: adopt a portfolio view, identify what is common and then leverage those commonalities (or reduce variation) to mitigate duplication of effort – to enable learning and build capability instead.

The reality, however, is more complex. Pipelines remain fragmented. Organisations and teams operate in silos. Data seldom travels from one project to the next. Whilst intent exists, the mechanisms to deliver it often do not.

A practical framework

This guide offers a way forward: a Portfolio Efficiency Framework designed to help public clients move from policy to practice, from recognising portfolio opportunities to capturing them systematically and successfully.

It builds on concepts outlined in the Construction Playbook and Product Platform Rulebook, translating policy intent into a practical decision-making tool. The framework helps organisations determine where standardisation adds value and where variation is essential, then provides a structured approach to plan, enable, implement, and improve. Intelligent efficiency: coordinated programmes where they create value, independent projects where they do not.

This is not another vision statement. It is a guide to action.

Portfolio efficiencies

Analysing a £50 billion, five-year pipeline of social infrastructure, the Construction Innovation Hub found that around 70% of government buildings share consistent geometric characteristics, most notably reliance on a mid-span framing system. The finding confirmed what many suspected: the majority of the public estate is not made up of unique, landmark schemes but of standard, inconspicuous projects capable of adopting common, repeatable elements.

Architectural researcher Daniel Davis describes this as:

“the fat middle”- the territory between bespoke one-offs and identical mass production. This is where industrialisation creates value: not through novelty, but through disciplined replication.

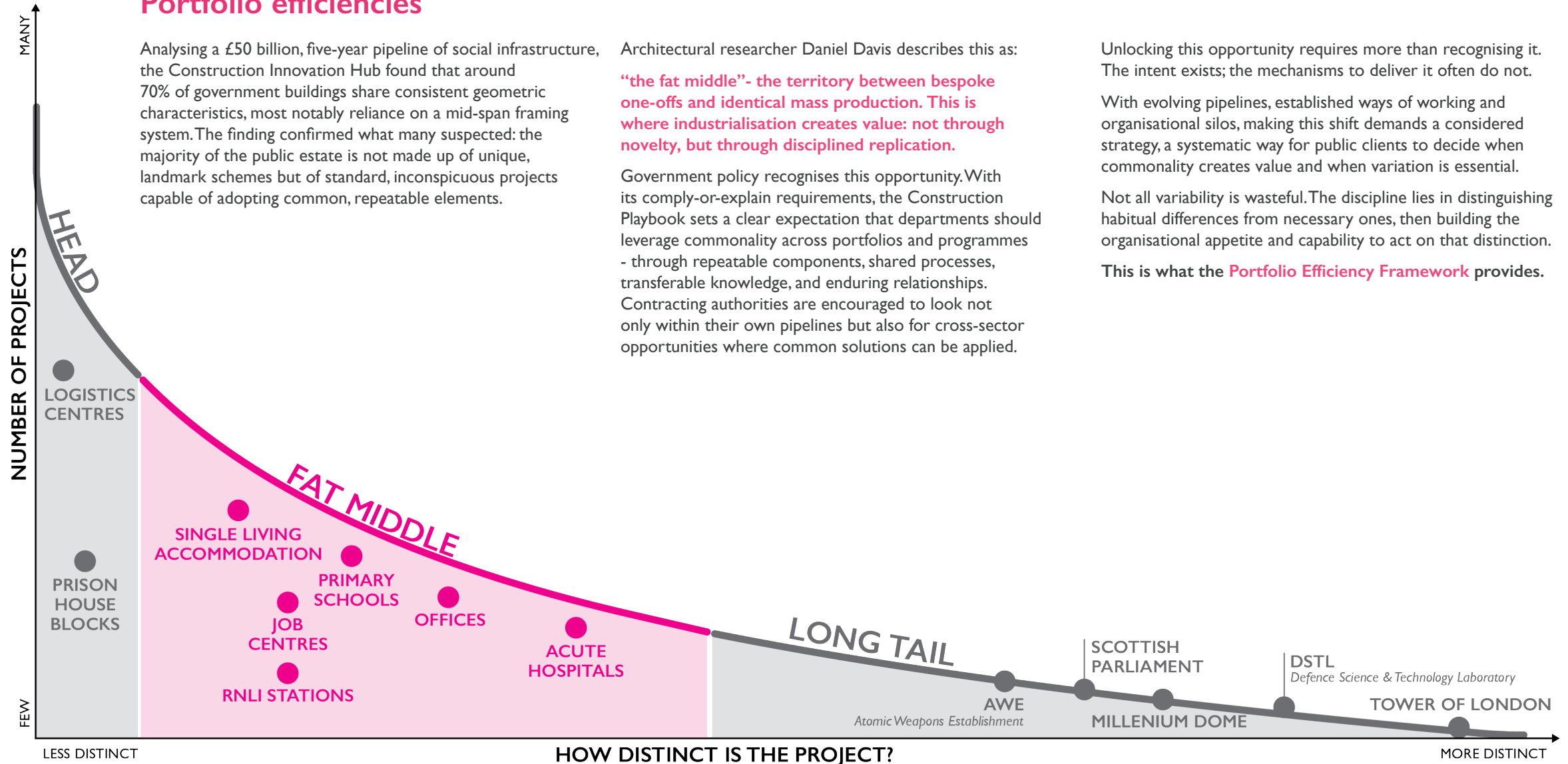
Government policy recognises this opportunity. With its comply-or-explain requirements, the Construction Playbook sets a clear expectation that departments should leverage commonality across portfolios and programmes - through repeatable components, shared processes, transferable knowledge, and enduring relationships. Contracting authorities are encouraged to look not only within their own pipelines but also for cross-sector opportunities where common solutions can be applied.

Unlocking this opportunity requires more than recognising it. The intent exists; the mechanisms to deliver it often do not.

With evolving pipelines, established ways of working and organisational silos, making this shift demands a considered strategy, a systematic way for public clients to decide when commonality creates value and when variation is essential.

Not all variability is wasteful. The discipline lies in distinguishing habitual differences from necessary ones, then building the organisational appetite and capability to act on that distinction.

This is what the **Portfolio Efficiency Framework** provides.



Adapted from original by danielDavis.com

Purpose and scope

Public clients often assume efficiency lies either in total autonomy or in total coordination. Both can be wrong. The Portfolio Efficiency Framework (PEF) helps organisations test those assumptions. It identifies where portfolio efficiencies genuinely exist and where attempts to force commonality would create cost, constraint, or delay.

The Framework is intentionally flexible. It applies across asset classes and levels of organisational maturity. Its purpose is not to impose a method but to support evidence-based choices about where commonality improves outcomes and where distinctive solutions are essential because of user needs, local context, or specific constraints.

At its core, the PEF addresses a central question:

When does programmatic delivery create value, and when does it create unnecessary constraint?

To answer this, the PEF uses a two-phase approach.

It begins with diagnosis of the current state and evaluating whether coordinated delivery would create genuine value. Only where programmatic value is identified does it move into implementation support. This sequencing is deliberate: it prevents departments from committing to industrialisation strategies before they have the portfolio foundations to execute them.

PHASE I DECISION MAKING

▶ ASSESS

▶ PLAN

I. Decision-Making Phase

- » **Step 1 Assess** – To diagnose whether genuine commonality exists by analysing variability across data, designs, processes, and relationships, and whether the organisation has the capability to act on coordination opportunities that emerge.
- » **Step 2 Plan** – To evaluate the potential value of programmatic approaches by setting clear value drivers, identifying and prioritising opportunities, and building robust investment cases that force honest accounting of coordination costs versus efficiency benefits.

PHASE 2 IMPLEMENTATION

▶ ENABLE

▶ DEVELOP

▶ IMPLEMENT

▶ IMPROVE

2. Implementation Phase (activated only where programmatic value is identified):

- » **Step 3 Enable** – Creates the organisational conditions for coordinated delivery by establishing governance structures, aligning incentives, building necessary skills and culture, and securing external expertise where needed.
- » **Step 4 Develop** – Curates the common elements identified as value adding - data structures, requirements, designs, solutions and / or relationship frameworks - to form the portfolio's shared infrastructure.
- » **Step 5 Implement** – Deploys coordinated solutions across live projects while ensuring stakeholder alignment, establishing compliance mechanisms, and creating clear change management procedures for justified variations.
- » **Step 6 Improve** – Measures performance against strategic objectives, captures lessons systematically, and develops innovations that can be scaled across the portfolio.

Together, these phases provide a disciplined pathway from **evidence > decision > delivery**, helping organisations move beyond habit and define a delivery model that reflects their actual portfolio, capability, and context - whether that leads to portfolio-wide standardisation, independent projects, or something in between.

PHASE I DECISION MAKING

▶ STEP 1
ASSESS

- 1.1 Variability Assessment
- 1.2 Capability Assessment

To diagnose whether genuine commonality exists by analysing variability across data, designs, processes, and relationships, and whether the organisation has the capability to act on coordination opportunities that emerge.

▶ STEP 2
PLAN

- 2.1 Value Definition
- 2.2 Demand Analysis
- 2.3 Commonality Plan
- 2.4 Investment Case

To evaluate the potential value of programmatic approaches by setting clear value drivers, identifying and prioritising opportunities, and building robust investment cases that force honest accounting of coordination costs versus efficiency benefits.

PHASE 2 IMPLEMENTATION

▶ STEP 3
ENABLE

- 3.1 Governance
- 3.2 Policy & Incentives
- 3.3 People & Culture
- 3.4 Stakeholders & Partners
- 3.5 Ecosystem & Supply Chain

Creates the organisational conditions for coordinated delivery by establishing governance structures, aligning incentives, building necessary skills and culture, and securing external expertise where needed.

▶ STEP 4
DEVELOP

- 4.1 Data
- 4.2 Assets
- 4.3 Processes
- 4.4 Relationships

Curates the common elements identified as value adding - data structures, requirements, designs, solutions and / or relationship frameworks - to form the portfolio's shared infrastructure.

▶ STEP 5
IMPLEMENT

- 5.1 Stakeholder Adoption
- 5.2 Compliance
- 5.3 Change Management

Deploys coordinated solutions across live projects while ensuring stakeholder alignment, establishing compliance mechanisms, and creating clear change management procedures for justified variations.

▶ STEP 6
IMPROVE

- 6.1 Performance Management
- 6.2 Continuous Improvement
- 6.3 Innovation Management

Measures performance against strategic objectives, captures lessons systematically, and develops innovations that can be scaled across the portfolio.

PHASE I: DECISION-MAKING

STEP 1: ASSESS

Profile & diagnose

“The first principle is that you must not fool yourself – and you are the easiest person to fool.”

- Richard Feynman

Not every client has a portfolio. Not every portfolio contains meaningful commonality.

The purpose of Step 1 is to establish which is which, before strategy or enthusiasm outruns reality. Organisations too often move to grand plans without understanding their actual starting point. The result is predictable: confident narratives built on incomplete data, early momentum without traction, and programmes that rely on assumptions rather than evidence. Assessment forces a pause.

The potential of a portfolio lies in identifying repeatable patterns, where information exchange, requirements, designs, processes, or relationships can be common without sacrificing the individual needs. But this potential is not automatic. Some organisations overlook efficiencies that exist in plain sight. Others assume commonality where critical variation exists, forcing uniformity in ways that add cost, complexity or friction.

The assessment therefore examines two dimensions:

1. **Variability** (what we have), and
2. **Capability** (what we can realistically act on).

I-I: Variability assessment: what we have now

The first step is to establish a baseline of current variability across four key areas:

- » **Data** – how consistently projects and asset information is structured, managed, and used across the portfolio
- » **Assets** – the extent to which asset requirements, designs, and construction systems are genuinely common versus different?
- » **Processes** – the extent to which business case, design, procurement, delivery, and handover processes vary between projects?
- » **Relationships** – whether internal teams, stakeholder groups, and supply chain relationships are built project-by-project or managed strategically across the portfolio?

These four elements describe how the portfolio actually works. Data shows what we can see and compare across schemes. Assets show what is being repeated or reinvented. Processes show how work moves from intent to handover. Relationships show how we work with internal teams and external partners. Assessing variability across them gives a practical picture of where common approaches already exist and where there is most to gain from greater consistency.

In the Develop stage we return to the same four elements and define a small set of common elements – in data, assets, processes and relationships – where the evidence shows they will add value.

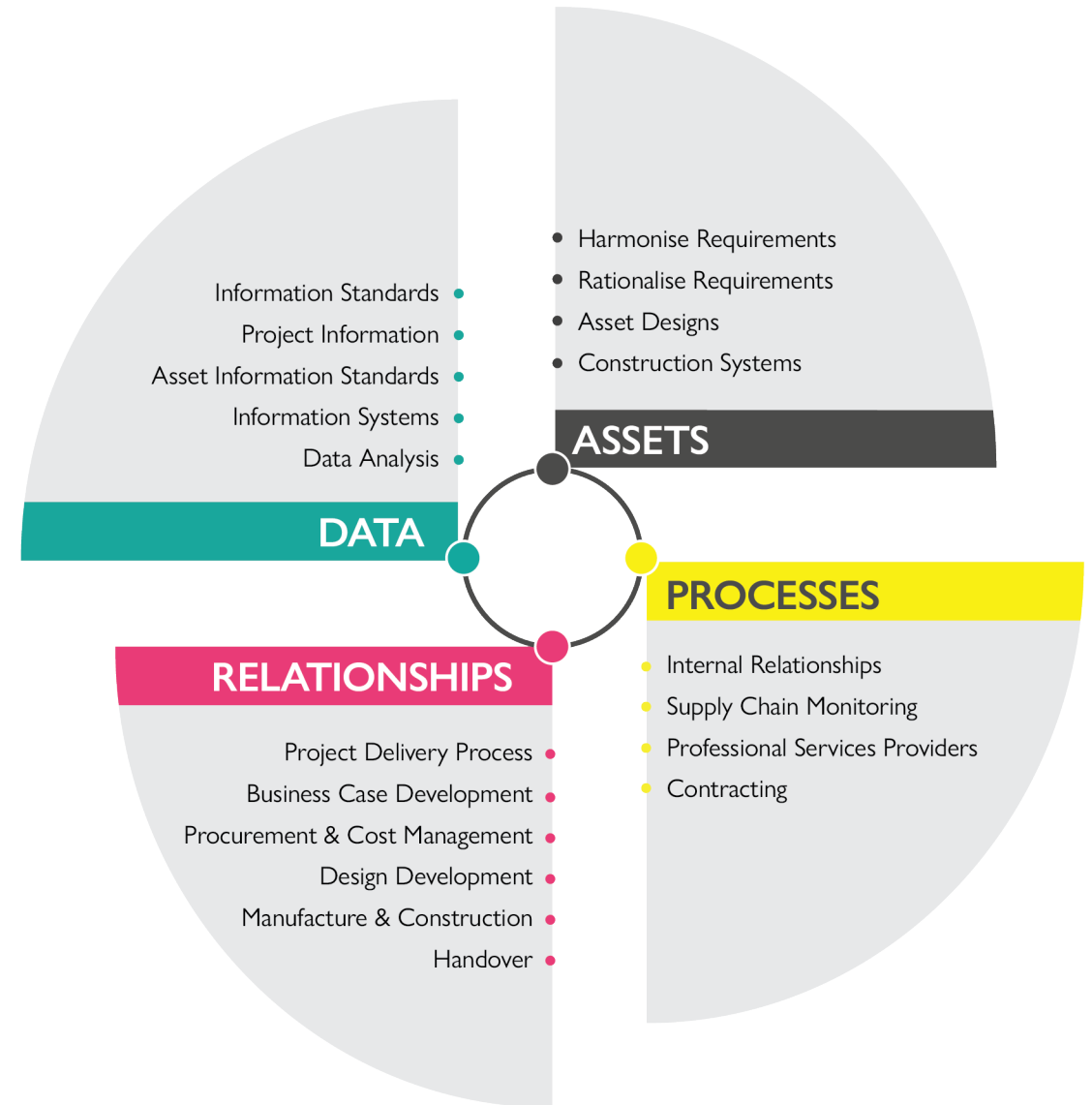
The critical principle is to capture the actual state across the whole portfolio, not isolated examples of good practice. An effective variability assessment shows patterns clearly: which differences matter, which differences persist for historical reasons, and which differences have simply never been questioned.

Opportunities for commonality

When people think about portfolio commonality, they often default to designs and physical products. Those are important, but they are only one part of the picture. Under the four headings used in this framework – data, assets, processes and relationships – there are many more places where common elements can exist.

The degree of commonality will vary by sector and portfolio. Housing, for example, with its diverse stakeholders and delivery models, finds it easier to standardise data structures and information exchanges than to converge on a single product design. The Ministry of Justice's prison programme has had more scope to standardise construction detailing than its operational processes.

As part of both the Variability Assessment and the later Commonality Plan, organisations should therefore take a wider view. The framework we outline below is our suggested focal points, using four lenses, but a deep understanding of the portfolio may highlight others.



I-2: Capability assessment: can we act?

Identifying variation is one thing; acting on it is another. Capability assessment tests whether the organisation has the foundations required for programmatic delivery:

- » **Data and analysis** – do we gather reliable portfolio data, identify patterns, and build evidence-based cases for change?
- » **Governance and decision-making** – Is there clear authority and mechanisms to make portfolio-level decisions, align incentives, and balance project versus programme priorities?
- » **Delivery and compliance** – Can common solutions be developed, deployed, and adopted at scale? Can justified variations be managed without undermining coherence?
- » **Learning and adaptation** – do we capture lessons, measure performance, and refine approaches in ways that endure beyond individual projects?

Again, the assessment must reflect reality, not aspiration. A pilot governance board or a one-off data exercise indicates emerging capability - not embedded practice.

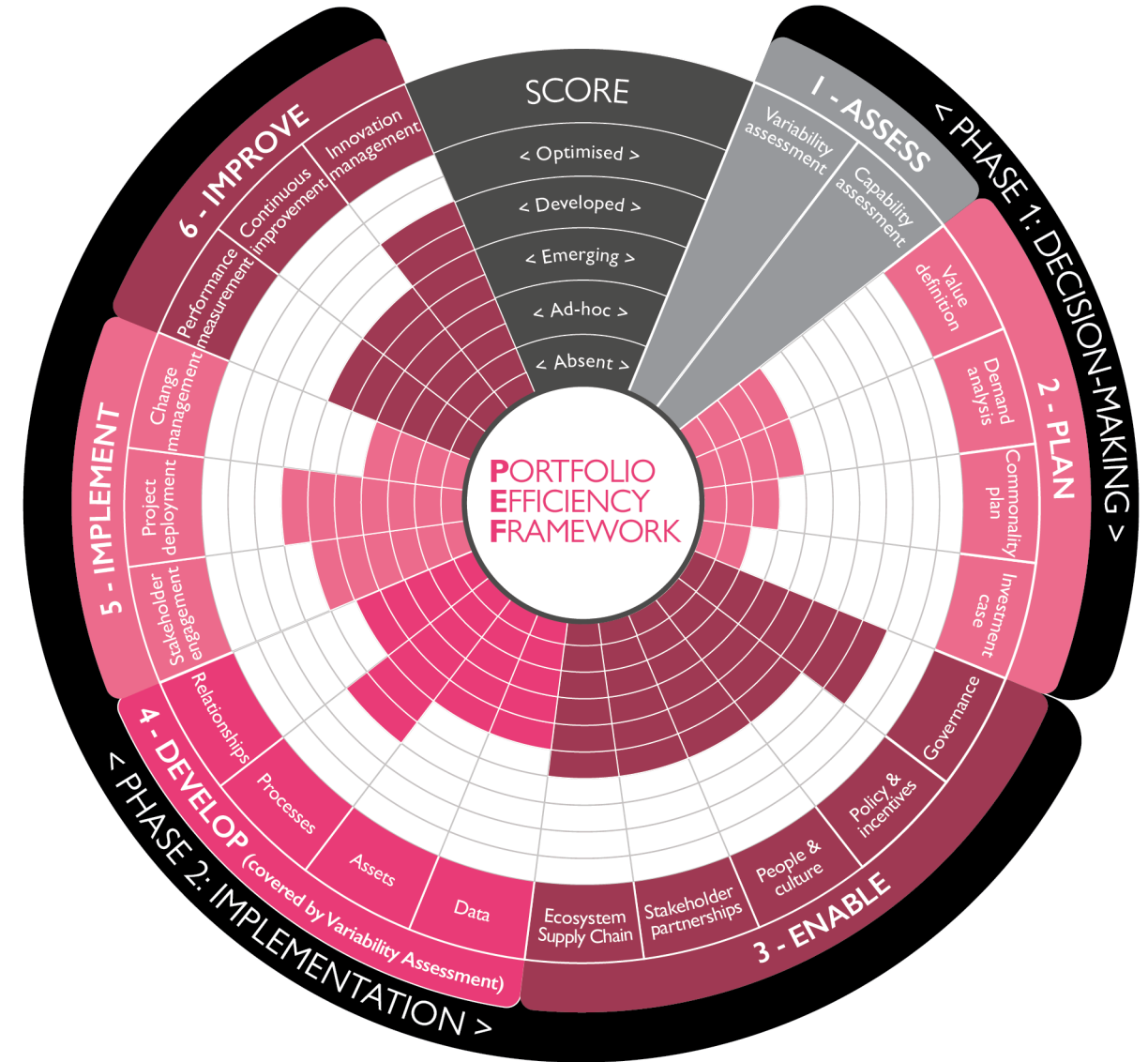
The foundation for decision-making

Combined, the variability and capability assessments create the evidence base for informed choices.

- » **Variability** shows where patterns exist and where variation is justified.
- » **Capability** shows whether the organisation can act on programmatic opportunities now, later, or not at all.

The output is not a mandate for programmatic delivery; it is a picture of options, where coordinated approaches could deliver benefits, what barriers would need to be overcome, and where bespoke project delivery remains the right answer.

Only with this foundation can organisations judge where common solutions improve outcomes - and where preserving difference matters more.



STEP 2: PLAN

From evidence
to strategy

“The nicest thing about not planning is that failure comes as a complete surprise, rather than being preceded by a period of worry and depression.”

John Harvey-Jones

Assessment establishes the baseline: the facts, the patterns, the gaps. Planning is where that evidence is turned into strategy. This is the point where organisations move from understanding how things work today to defining, with intent, where a programmatic, portfolio-based approach can unlock value and how it should be pursued.

The purpose of this stage is straightforward: to make informed choices about what should be shared, what must stay distinct, and the reasoning behind each decision. Done well, it creates a clear strategic foundation for coordinated delivery; done poorly, it becomes little more than a wish list.

The steps that follow bring discipline to that judgement: defining the value the portfolio exists to create, analysing demand in aggregate to reveal where genuine commonality exists, identifying which opportunities are concrete enough to pursue, and testing them through an investment case that weighs returns against the real costs of coordination.

Together these steps reveal whether a portfolio-based approach is warranted and if so, what shape it should take.

2-1: Value definition: mapping the strategic priorities

Clients want everything: lower cost, faster delivery, lower carbon, better safety, higher social value. Left undefined, “value” becomes a set of competing priorities. Without a shared view of what matters most, each project optimises for its own version of ‘better’. Those local choices may be sensible in isolation; together they can pull the portfolio away from its strategic purpose.

Portfolio-level value definition prevents that drift. It surfaces what the portfolio is actually trying to achieve - not a generic list of benefits that appears in every business case, but the specific outcomes that would justify the coordination costs of programmatic delivery.

This requires deliberate conversation with senior stakeholders to distinguish:

- » **Strategic imperatives:** the outcomes that must always be protected.
- » **Primary value drivers:** the outcomes that justify acting as a portfolio at all (for example, whole-life cost, carbon performance, delivery certainty, resilience, social value at scale).
- » **Rules for resolving conflicts:** how to decide when aims collide: speed versus quality, local preference versus system efficiency, short-term affordability versus long-term performance.

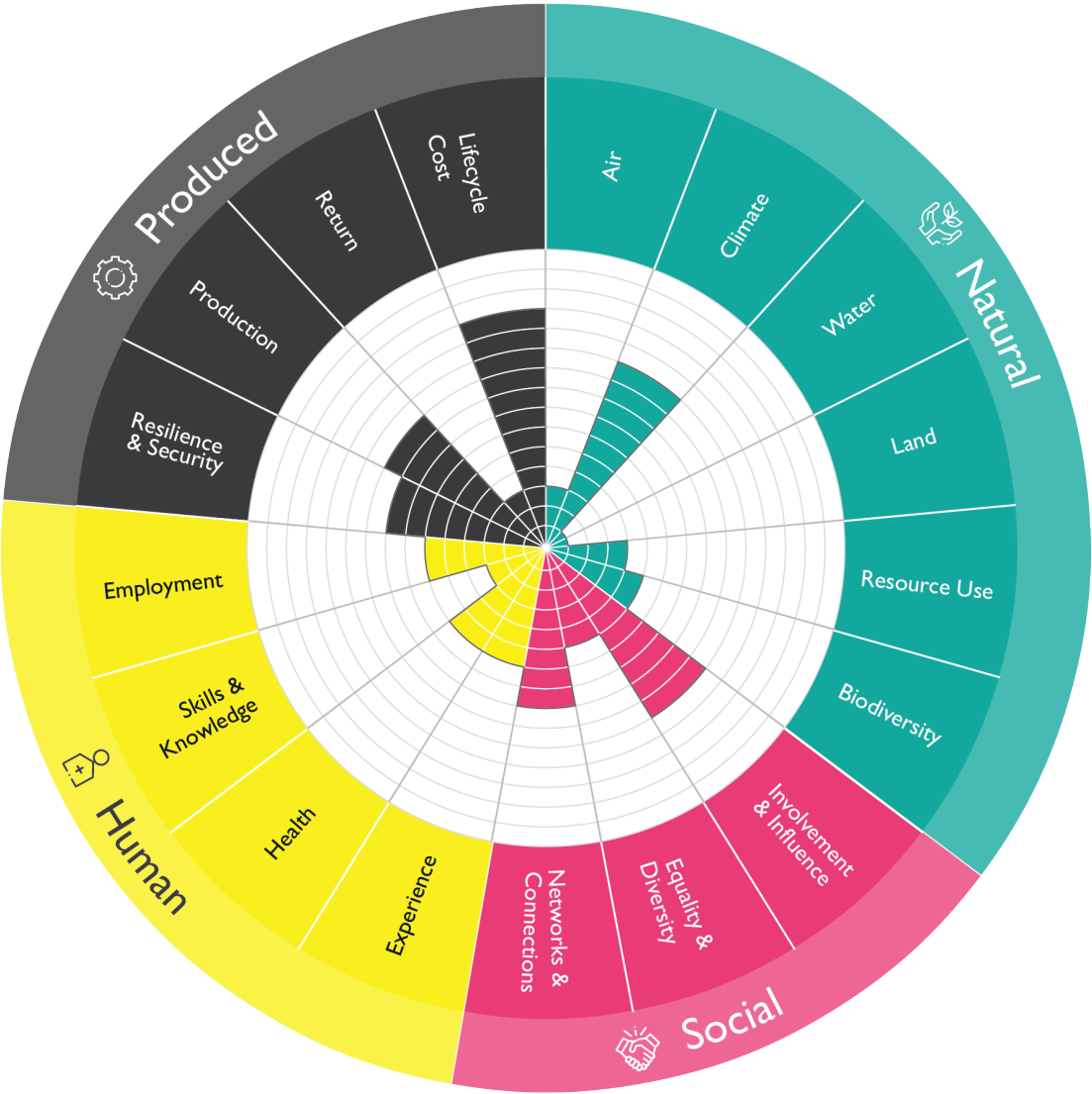
The output is a value profile or hierarchy: a clear ordering of what matters most. This might be expressed as weighted criteria (for example, using the Value Toolkit), a short set of strategic principles, or simple decision rules.

The format matters less than the clarity and the shared ownership behind it. When combined with technical requirements and financial information across the pipeline, they help to:

- » Focus effort on the repeatable elements, designs, systems, processes, relationships, that contribute most to outcomes.
- » Identify where commonality should be pursued and where variation must be preserved.
- » Give the market a stable view of client priorities, so suppliers can invest for the portfolio rather than tailoring one-offs for each project.

This clarity matters because compromises will arise.

Programmatic delivery always involves balancing local preferences against portfolio-level outcomes. A well-defined value hierarchy lets decision-makers judge options at portfolio scale, not project scale, and to do so consistently. Without it, you’re coordinating activity but not delivering coherent outcomes.



2-2: Demand analysis: aggregate and analyse

“We do not see systems as a whole because we are too busy with the parts.”

Russell Ackoff

Projects viewed individually always look unique. Different sites, different stakeholders, different constraints that teams can explain, quite reasonably, why their circumstances are different, and from a project perspective they often are.

But that is only the project view.
The portfolio view tells a different story.

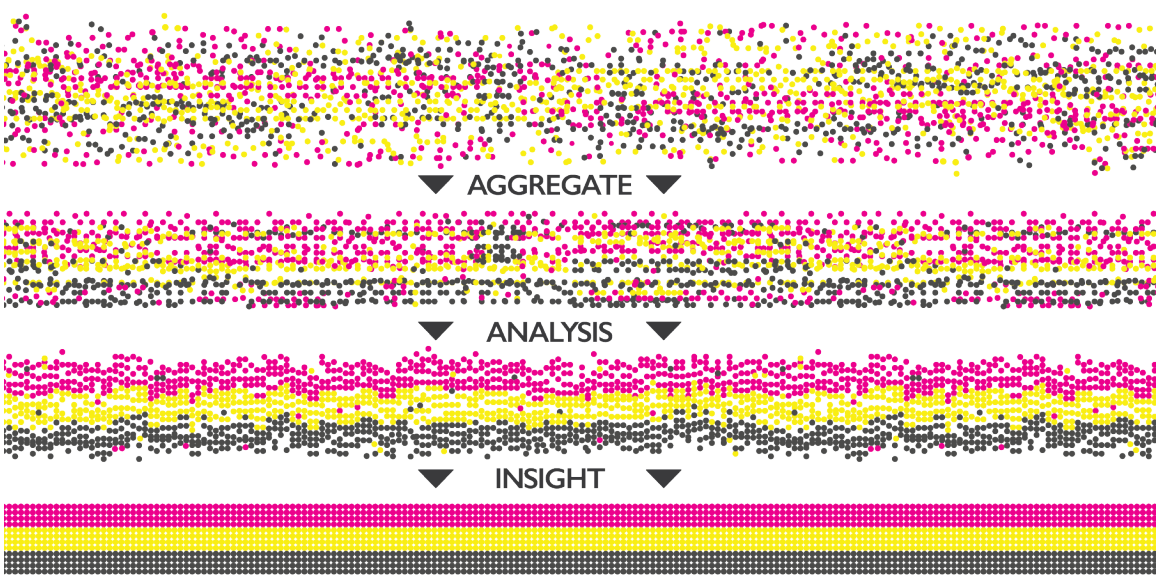
Once you aggregate demand, bringing together what you do know about scale, timing, procurement routes, asset typologies, requirements, stakeholders and delivery context, patterns start to emerge that no single project can see. Similar assets often rely on similar requirements, draw on the same frameworks, repeat common design elements, and follow familiar processes and systems, with supply chains that reappear across the pipeline. What feels distinctive in isolation is often repeated across the portfolio.

This matters because repetition is where efficiency hides. To identify and understand that repetition properly, demand can be analysed through a set of lenses consistent with government best practice:

- » **Asset Typology:** Do similar facility types recur?
- » **Scale:** How do the value, size or area profiles compare across the pipeline?
- » **Geography:** Are conditions, constraints or access to markets similar or fundamentally different?
- » **Stakeholders:** Who is involved, and how often do the same actors reappear?
- » **Procurement Route:** Are similar routes being selected?
- » **Timing:** How do bid and delivery timelines align?
- » **Contract Form:** Where known, are commercial approaches consistent or divergent?

Perfect data isn't required and rarely exists. Instead working with what's available is enough to reveal early patterns: **where commonality forms naturally and where fragmentation is inherent.**

In practice, this means gathering what information already exists - project business cases, programme pipelines, procurement schedules, stakeholder maps - and structuring it in a way that makes comparison possible. A simple matrix is often enough: projects as rows, categories as columns, with even rough classification revealing whether twenty schemes are genuinely twenty unique initiatives or simply variations on three or four repeated themes.



A credible analysis needs to separate:

- » **Essential variation** - differences genuinely required by context, geography or user need.
- » **Habitual variation** - divergence driven by preference, legacy practice or organisational politics rather than value.

This distinction is often cultural as much as technical. Stakeholders seek autonomy. Managers resist standardisation. Power structures defend established approaches. These behaviours sustain variation long after its practical benefit has faded. Understanding this tells you where portfolio efficiencies are actually achievable, not just theoretically attractive.

In undertaking this analysis patterns will become apparent. Some segments will be too small, too fragmented in timing, or too politically contested to justify coordinated action. Demand analysis will therefore both inform where commonality exists but also prime the assessment of whether acting on that commonality could create meaningful value for both the client and the market, balancing the potential efficiency gains against the coordination cost and complexity of delivering them.

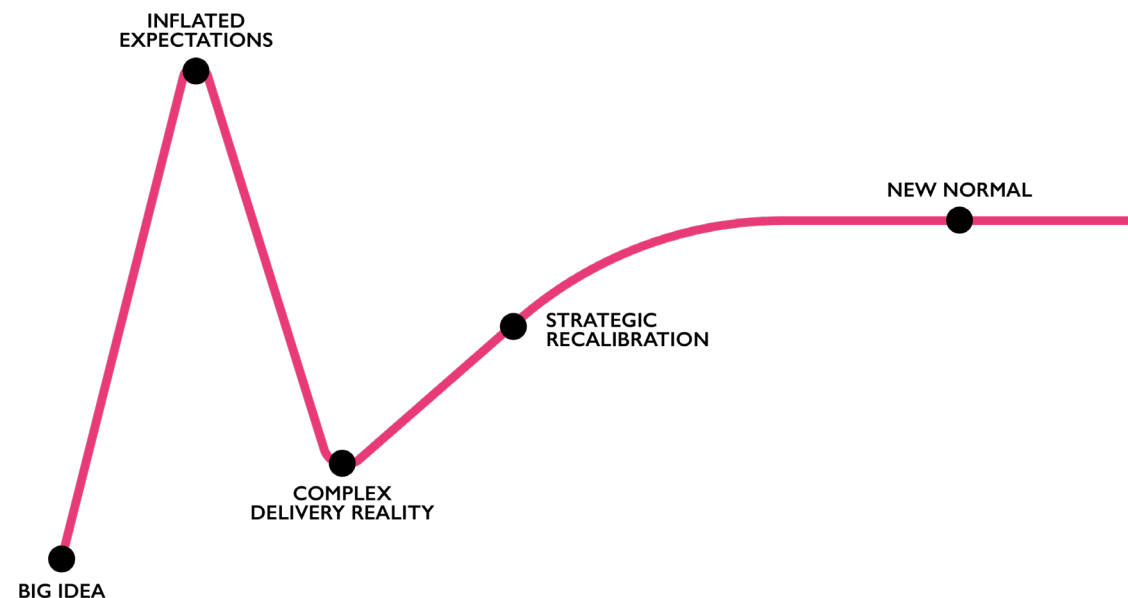
Taken together, these insights form the foundation for the next stage: a commonality plan that sets out, with evidence, what should be common and what should remain distinct.

2.3 Commonality plan: where to act

Analysis may reveal patterns across a portfolio, but a commonality plan turns those insights into actionable priorities. This is the step too often skipped: moving from noticing overlap to making disciplined choices about what should be shared and what should remain distinct.

A commonality plan captures the outputs of demand analysis and makes them operational. It identifies where standardisation creates value and where variation must be preserved. Not all variability is wasteful. The task is to distinguish essential differences from habitual ones. Too often, minor preferences are enforced while costly variation is allowed to proliferate. A commonality plan reverses that logic.

Effective plans are data-driven. They measure the cost of variability - design time, procurement inefficiency, defects, operational overhead - and weigh these against the genuine benefits of flexibility. They prioritise opportunities based on impact and feasibility rather than attempting everything at once. The most robust plans are specific: not vague pledges to “standardise” but clear actions - which requirements, which processes, in what order, with what expected benefits. They are living documents, updated as pipeline evolves and new insight emerges.



*Across government, there is growing pressure to transform portfolios, or as the Playbook puts it, to **harmonise, digitise, rationalise**. The ambition is well placed, but the expectations are often inflated and the route to delivery is rarely clear. The most reliable way to move beyond the peak of inflated expectation is not to accelerate the rhetoric but to ground ambition in evidence. This is where the commonality plan plays a critical role: it shows what the portfolio can genuinely support, what should remain flexible, and where early efficiency gains can be realised without overreach.*

Balancing Uniformity and Distinction

The temptation in any commonality exercise is to chase uniformity: find the overlap, codify it, replicate it. But commonality without recognition of distinction is brittle. Even well-designed standard falter if they overlook differences in governance, local delivery capability, or policy requirements. Adoption depends as much on organisational reality as on technical compatibility.

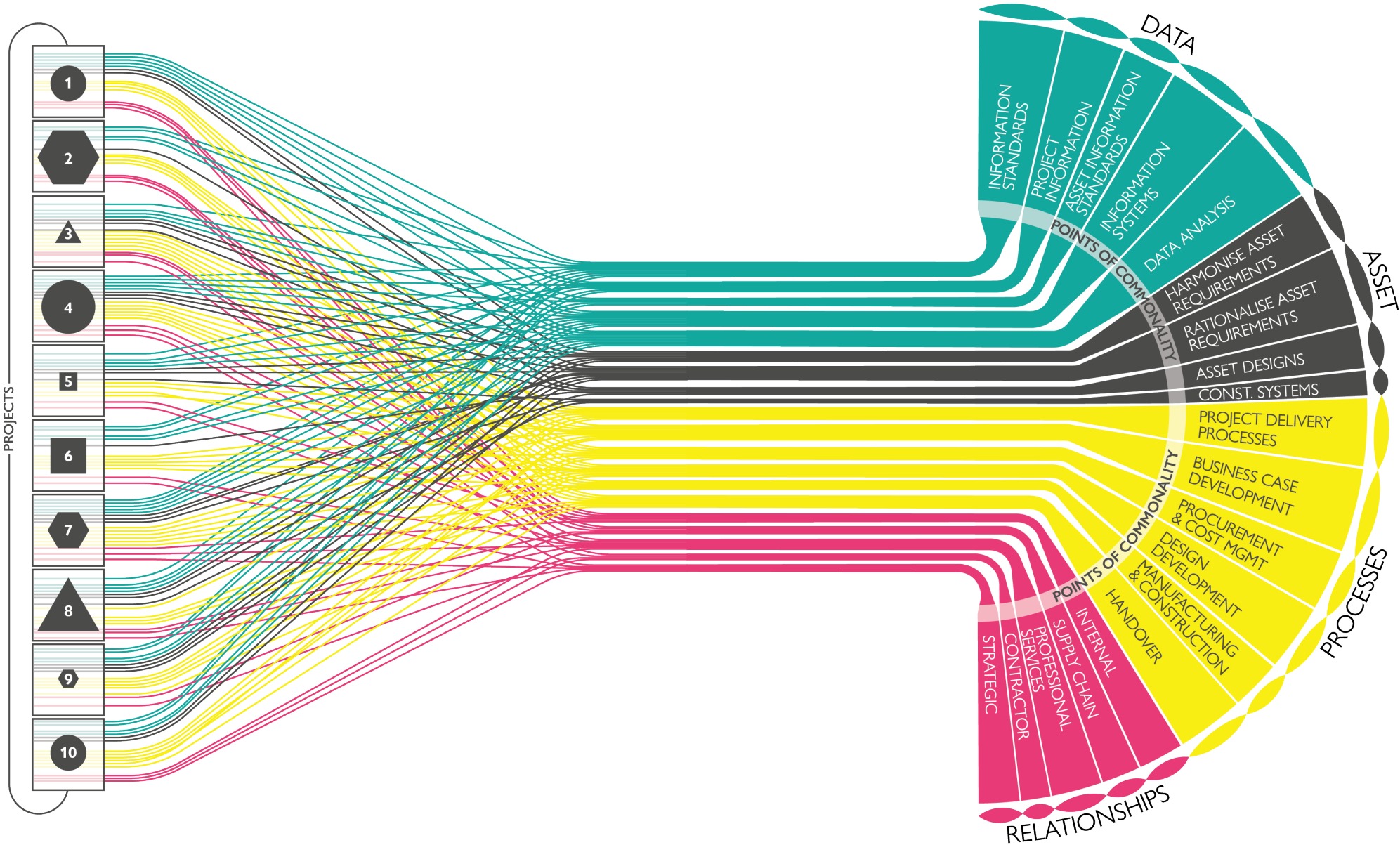
This challenge in finding the balance is not new. When Alfred Sloan restructured General Motors a century ago, he faced the same tension between coordination and autonomy. His solution - “**coordinated decentralisation**” balanced a central architecture that created coherence across the portfolio, with decentralised autonomy where context demanded it. It combined consistency of strategic direction with discretion in tactical execution.

Construction portfolios face a similar tension.

In the main, projects sit within a loosely coupled system: each scheme may be tightly managed within its own boundaries, but the links between them are weak. This brings flexibility, but also fragmentation, duplication, blind spots and lost economies of scale. The value of a commonality plan is to strengthen these weak links without erasing legitimate independence.

Mapping Commonality

There are many ways to map commonality visually - we just chose to adopt the route of creating a **psychedelic jellyfish**.



Implications for Public Sector Delivery

A credible commonality plan must therefore do two things:

- » **Codify commonality** where shared data exchange, requirements, designs, systems, processes, and relationships can add value.
- » **Protect distinction** where context, autonomy, stakeholders or governance make variation structural and necessary.

Recognising distinction is not failure. It is fundamental to strategy: knowing where uniformity yields value and where variability is inherent. Ignoring this duality is why so many standardisation initiatives fail quietly - they treat loose couplings as if they were tight ones.

Commonality strategies in government portfolios must consider, at a minimum:

- » the demand pipeline and how far ahead it is visible.
- » the range and stability of user and client needs.
- » the speed of change in policy, requirements and technical standards.
- » supply chain capability and appetite to invest in common solutions.
- » organisational, cultural and behavioural dynamics that will support or resist change.

Too many initiatives focus on what is technically feasible and neglect these organisational dynamics. The result is predictable: a well-intentioned commonality strategy that inherits the very problems it was meant to solve – loss of productivity, wasted effort and cost overruns.

For departments, the practical test is straightforward. A commonality plan should allow senior leaders to answer three questions for their portfolio:

1. Where are we deliberately the same?
2. Where are we deliberately different – and why?
3. To what extent - based on evidence - can we increase the first without damaging the second?

If it cannot do that, it is not yet a plan – it is still an aspiration.



Note of Caution. Later in this report we outline how portfolio efficiency initiatives can falter. Through review of history failure modes recur for a number of reasons, not least because centralisation invites overreach. It encourages ambition. A commonality plan introduces the discipline that the instinct for standardisation often lacks. It forces organisations to understand what genuinely repeats, to define the limits of variation, to test feasibility before committing to platforms, and to build value on evidence rather than aspiration. Without such a plan, large programmes fall into the same traps, for the same reasons, and with the same consequences: models that outgrow reality, systems that fail to fit their context, and reforms that consume the value they were meant to create. The importance of pausing at this stage cannot be overstated.

2.4 Investment case: making the numbers work

A commonality plan only earns credibility when its benefits exceed its costs – not in theory, but in practice. That is obvious in principle but often ignored in practice. The economics of portfolio efficiency are awkward. Costs arrive early and centrally: governance, standards, platforms, data, coordination. Benefits arrive later and diffusely: quicker delivery, fewer failures, better performance across projects that may not yet exist.

This cuts across conventional business case logic. The body that pays – the central function – is not the body that captures most of the gain. Projects do. From a project perspective, portfolio efficiency looks like overhead: money taken from their budget and freedom. From a portfolio perspective, the same spending is investment: building reusable assets that compound returns across the estate. Both views are rational. The investment case exists to reconcile them.

History however is not reassuring. Across estates, IT and procurement, government has written off tens of billions on “efficiency” initiatives where coordination costs were underestimated, benefits overstated, and the centre tried to run systems it could not sustain. The lesson is not that commonality is a bad idea, but without discipline, it is an expensive one.

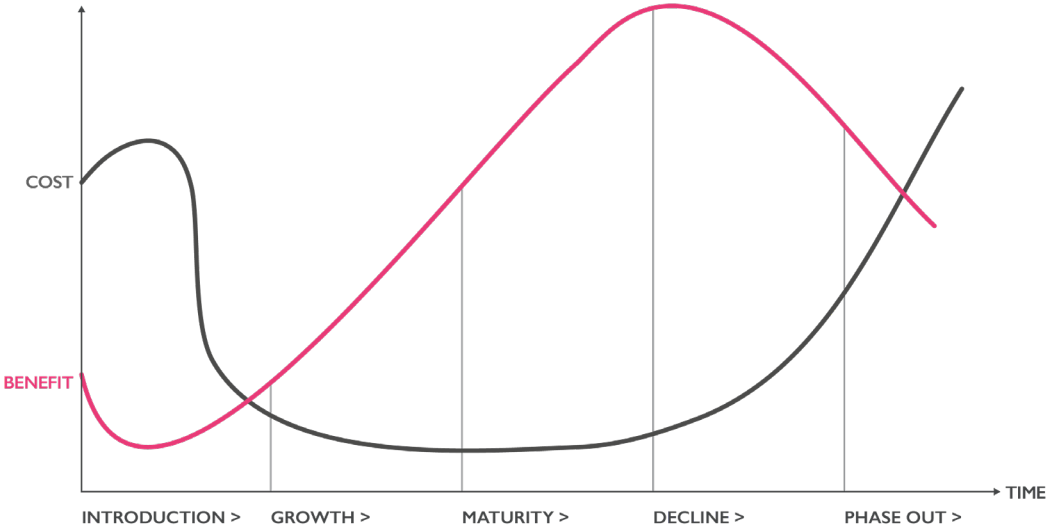
By contrast, industries that have successfully industrialised – automotive, aviation, retail – did not pursue standardise out of ideology. They did so because higher upfront investment in common designs, processes and supply chains produced lower costs, more reliable throughput and greater freedom to innovate.

Construction lives with the same logic. However without a clear commercial model showing how portfolio-level commonality improves whole-life efficiency, procurement will default to project-by-project optimisation.

That model has to begin on the cost side. The enablers to the portfolio, as outlined later in this report, require investment in:

1. governance and design authority – accountable leaders who own and evolve the platform
2. shared data, classification and digital tools
3. repeatable designs and specifications, often at higher baselines than a single project would choose
4. supplier engagement, pilots and capacity building to make the platform deliverable in practice
5. change and training so local teams can adopt new ways of working

These costs land in the place departments least like to see them: central overhead. Internal benchmarks reward lean centres and low “back-office” spend. Adding coordinating capacity makes those metrics look worse. From a Green Book perspective, this is why a distinct investment case is needed. Portfolio efficiency is a front-loaded investment with a multi-year payback. If the implicit rule is that initiatives must pay for themselves within the first year, portfolio efficiency will always lose to individual project approach, even when singular projects are collectively more expensive.



On the benefit side, returns are multiple and uneven. Some are easy to quantify; others belong in the economic and strategic cases rather than the financial one:

- » **Cost and productivity.** Standardised designs, repeated procurement and rationalised supply chains reduce duplicated effort and unit cost. This is the most legible benefit, and rarely the largest.
- » **Time and capacity.** Reusing proven processes, solutions and relationships can shorten programmes. Time saved is money saved, but also capacity released and optionality preserved.

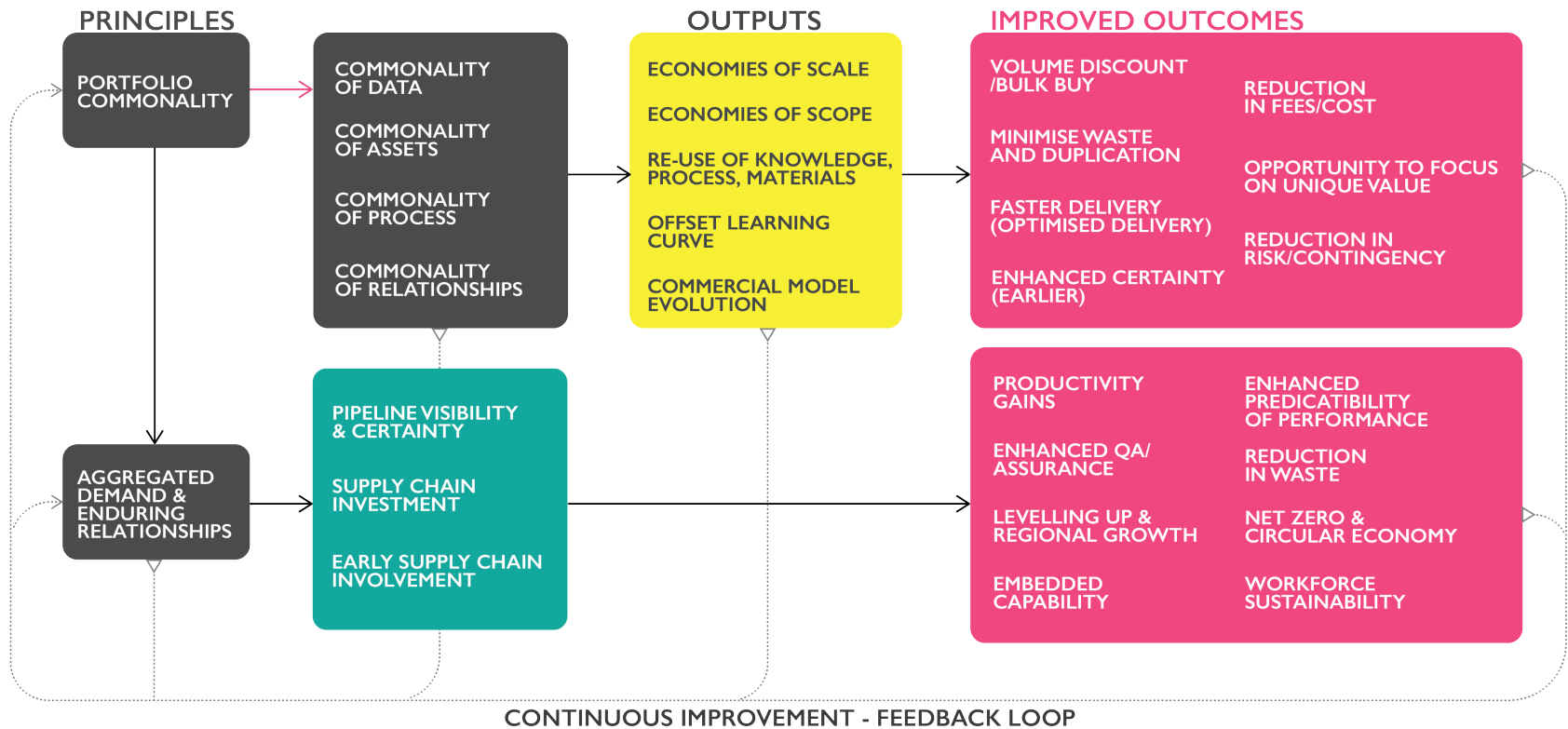
- » **Risk and certainty.** Tried-and-tested requirements, designs and processes reduce the variance of outcomes: fewer overruns, less technical surprises, fewer failures in use. The value lies in a different distribution of outcomes, not just a lower average.
- » **Learning and option value.** Each deployment mitigates learning curves but instead enables continuous improvement. This acts as compound interest on capability: returns that generate further returns. A standing platform also creates the ability to respond quickly when new demand appears. Being able to deploy a proven solution in 18-months rather than 36 is real strategic value, even if contingent and hard to monetise ex ante.

Alongside these sit strategic benefits – lower carbon, safer and more usable assets, more consistent user experience – which belong squarely in public value, even when they are not fully monetised in full. A credible investment case makes this pattern visible in recognisable Green Book terms: which benefits reduce spend, which improve efficiency without releasing cash, which sit in risk and resilience, and which are wider social value.

Because of this profile, the investment case has to do three things at once.

- 1. **Forward thinking** – explicit about the counterfactual of continued fragmentation and about how commonality shifts expected outcomes over time
- 2. **Robust** - not just showing that benefits exist but demonstrating returns clearly enough to justify reshaping how the organisation allocates resources.
- 3. **Realistic** – to avoid optimism bias that so many transformation initiatives suffer with, acknowledging that effort and reward are out of phase: early projects bear the friction, returns grow as adoption deepens and repetition builds momentum

Portfolio efficiency is not free. The question, for departments with large capital estates measured, is whether continued fragmentation is cheaper. The investment case is the structured way of answering that question – and of making explicit the price that has to be paid, centrally and upfront, to buy greater certainty in a sector that has too often promised it without the means to deliver.



Building the Strategic Foundation

Value Definition > Demand Analysis >
Commonality Plan > The Investment Case

Together, these four sequential elements create a robust foundation for programmatic delivery. **Value definition** provides the criteria for all subsequent decisions. **Demand analysis** reveals the patterns and opportunities. The **commonality plan** codifies those insights into actionable priorities. **The investment case** proves it's worth doing.

With this foundation in place, organisations can move confidently to implementation - knowing not just what they want to achieve, but how they will achieve it and why it makes strategic and financial sense.



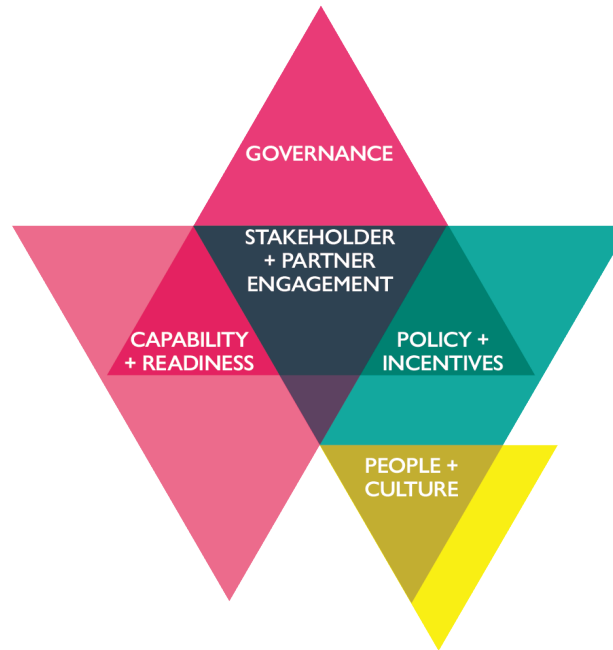
PHASE 2: IMPLEMENTATION

STEP 3: ENABLE

Creating the right conditions

**"Hard work pays off in the future;
laziness pays off now."**

Steven Wright



After diagnosis and planning comes the work that determines whether a programmatic strategy survives first contact with reality. Enablement creates the conditions - policy, incentives, governance, capability, market structure, and culture - that lets coordinated delivery take root and last.

This is where most efficiency initiatives stumble. The analysis is sound, the business case compelling and the plan rational. But the organisation lacks the structure to make decisions across a portfolio, the authority to implement them or the incentives to sustain them. Plans collide with reality, and reality invariably wins.

Enablement makes efficiency systemic rather than heroic: embedded in how departments work, not dependent on a few enthusiasts. **It requires concerted action across five interconnected domains: each essential.**

3-1: Governance

“A bad system will beat a good person every time.”

W. Edwards Deming

With a plan established, the logical next step is to establish governance capable of delivering it. Yet this is where alignment often breaks down. Most organisational structures are rooted in project logic: where approvals sit with project boards, reporting in through discreet channels and performance is measured scheme by scheme.

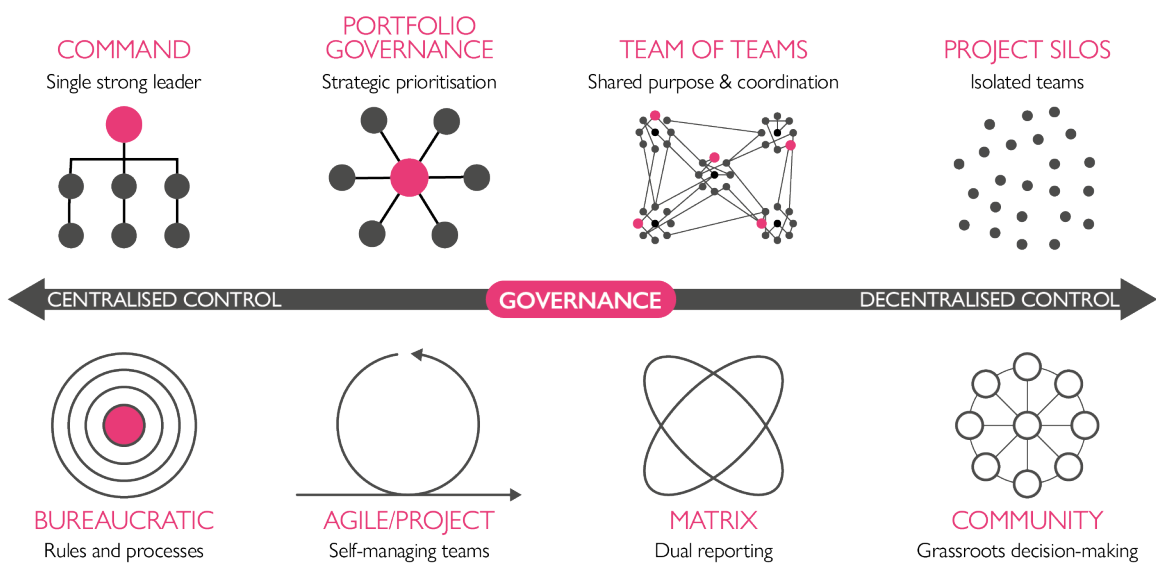
If an organisation is designed around isolated projects, it will produce isolated outcomes, regardless of what the strategy document intends.

Enabling a portfolio approach demands a change to the status quo. Governance must serve both project and wider portfolio, reflecting the logic of the plan: connecting what is shared, respecting what must remain distinct, and resolving tension between local optimisation and system value. Authority should sit where it creates value, not where precedent dictates.

This shift typically requires four structural adjustments:

- » **Portfolio Authority:** A body that owns the commonality plan and investment case. Unlike a traditional steering group that merely observes, this body must have the teeth to enforce shared standards and maintain a relentless focus on collective value.
- » **The Custodian:** A specific function responsible for shared assets (e.g. data, standards, specifications, and designs). They ensure these assets remain contemporary and are applied consistently. Their role is to prevent the slow drift into obsolescence that occurs when standards are treated as one-off documents rather than living products.
- » **Project Teams:** working within bounded autonomy, applying shared approaches by default and retaining local autonomy only where context requires.
- » **Cross-project coordination:** A mechanism for project teams to share learning and coordinate horizontally in decisions that affect each other. This can range from shared technical leads to the adoption of an alliancing models and options in between.

The shape of this governance matters as much as the intent. If structures stay anchored in old project-centric habits, or when the boundary between local control and portfolio oversight blurs, the very mechanisms built to unlock efficiency begin to constrain it. Governance that does not back the commonality plan eventually becomes part of the fragmentation it was meant to fix.



3-2: Policy and incentives

“It is difficult to get a man to understand something when his salary depends on his not understanding it.”

Upton Sinclair

Good governance sets the organisational structure; policy and incentives shape behaviour. For portfolio efficiencies to be realised, all three need to point in the same direction. In too many organisations, these forces still pull apart, rewarding autonomy, local heroics, and isolated achievement.

Policies should therefore be designed with behavioural intent: making the right actions easy, the wrong ones harder. They should remove friction from decisions that create portfolio value while introducing deliberate pauses where divergence deserves reflection. Incentives must follow the same logic, ensuring that what benefits the portfolio also benefits the individual project and team.

Removing Friction from Commonality

Adopting shared approaches should feel natural, not bureaucratic. Approvals should flow faster when projects draw on common standards, validated designs, and proven solutions. Shared assets such as templates, specifications, and data structures should be easy to find, kept up-to-date, and written for practical use rather than specialist interpretation. They should help, not hinder.

Teams using standard approaches should be able to move with confidence because the foundations are familiar and well grounded. Support should be visible and responsive, making shared ways of working the simplest and most rewarding path. The collective benefit should feel like an individual advantage.

Adding Friction to Divergence

Equally, variation should remain possible but never casual. The process should create a moment to pause and think - through a short justification, a brief conversation, or a proportionate approval.

Departures should record their rationale: why the standard does not fit, what value the variation adds, what it costs the wider system. Visibility of these decisions turns deviation into learning rather than drift, helping the portfolio evolve with intent rather than by accident.

Behavioural alignment depends as much on reward as on process. Incentive systems should reflect portfolio intent, linking performance, profit, and recognition to collective outcomes rather than isolated delivery. Project teams should share in the benefits they create through efficiency, rather than watching savings disappear into central accounts. Corporate metrics and bonuses should recognise reuse, shared capability, and adoption of common assets alongside immediate delivery results.

Incentives that contradict portfolio objectives quietly erode cooperation. Competing profit centres or projects penalised for contributing to shared development undermine what policy seeks to achieve. Real alignment means designing recognition, funding, and accountability so that collaboration becomes both the rational economic choice and the right professional one.

When policies, incentives, and governance work together, teams default to common solutions not because they are compelled to, but because they are easier and more rewarding. **Efficiency then becomes self-reinforcing: an outcome of good system design rather than administrative control.** The portfolio works as one, guided by shared purpose and sustained by collective benefit.

3-3: Organisational capability (people & culture)

A portfolio approach only works if the people who lead it have the skills, capability and confidence to do so.

New governance, data and standards create the possibility of better decisions, but habits, incentives and professional identities determine whether those possibilities are realised. Organisational capability is therefore a core enabler of value for money, not an afterthought once structures are in place.

Portfolio initiatives ask the department to behave as a system-level client, rather than a collection of project sponsors. Traditional markers of success, delivering schemes on time, on budget, out of trouble, remain but more is required. Leaders are challenged to make decisions that are right for the system, even when they complicate their own project.

For custodians of shared standards, data models or reference designs the shift is similar. Their role inside the organisation is less to invent new solutions and more to act as stewards of common ones, maintaining coherence across many projects and contexts. For many professional teams, work becomes less about original design and more about checking and applying established solutions. This in turn raises questions of ownership and risk, requiring departments to employ people who understand commercial models, IP and liability.

Similarly, project teams need to develop skills to configure existing designs and solutions intelligently, rather than assume they must start afresh. This is not about lowering ambition but about redirecting it towards repeatable excellence rather than one-off originality.

In many areas this amounts to diversified skills. Commercial teams need to move from project based contract management to alliancing - designing and running systems of commercial relationships across a portfolio: understanding cost and risk, but also how incentives and risk allocations land with local authorities, trusts and suppliers. Oversight functions need to move from inspection at arm's length to supporting orchestration across programmes and organisations.

Whether these shifts take root depends on how organisations learn. Portfolio approaches rely on feedback loops: from schemes into shared tools, from one programme to another, from the supply chain back into the commissioner. That, in turn, requires people who surface issues early, record lessons in usable form and adjust practice accordingly. Without that culture, even well-designed standards and processes are quietly bypassed when pressure mounts.

Building this capability is less about formal training than about how real work is organised. People rarely change behaviour because of a slide deck.

They change when they experience a different way of working that makes more sense: when collaboration reduces friction, when standardisation frees rather than constrains, when shared success proves easier than going it alone.

Departments should be clear about the capabilities their portfolio depends on – for example, understanding portfolio appraisal and commonality planning, using shared data environments, working in collaborative contracts, and explaining system-level trade-offs to ministers, arm's-length bodies and local partners. Development activity should then be anchored in live tasks: a standard option set that accelerates a business case, a shared data model that reduces reporting burden, joint reviews with advisers and suppliers that resolve issues earlier. Formal learning still has a role, but it should support practice, not substitute for it.

Capability, understood this way, is the organisation's living memory: how insight travels, how mistakes are handled, how patterns are recognised before they recur. Without it, even the most elegant strategy collapses back into habit.

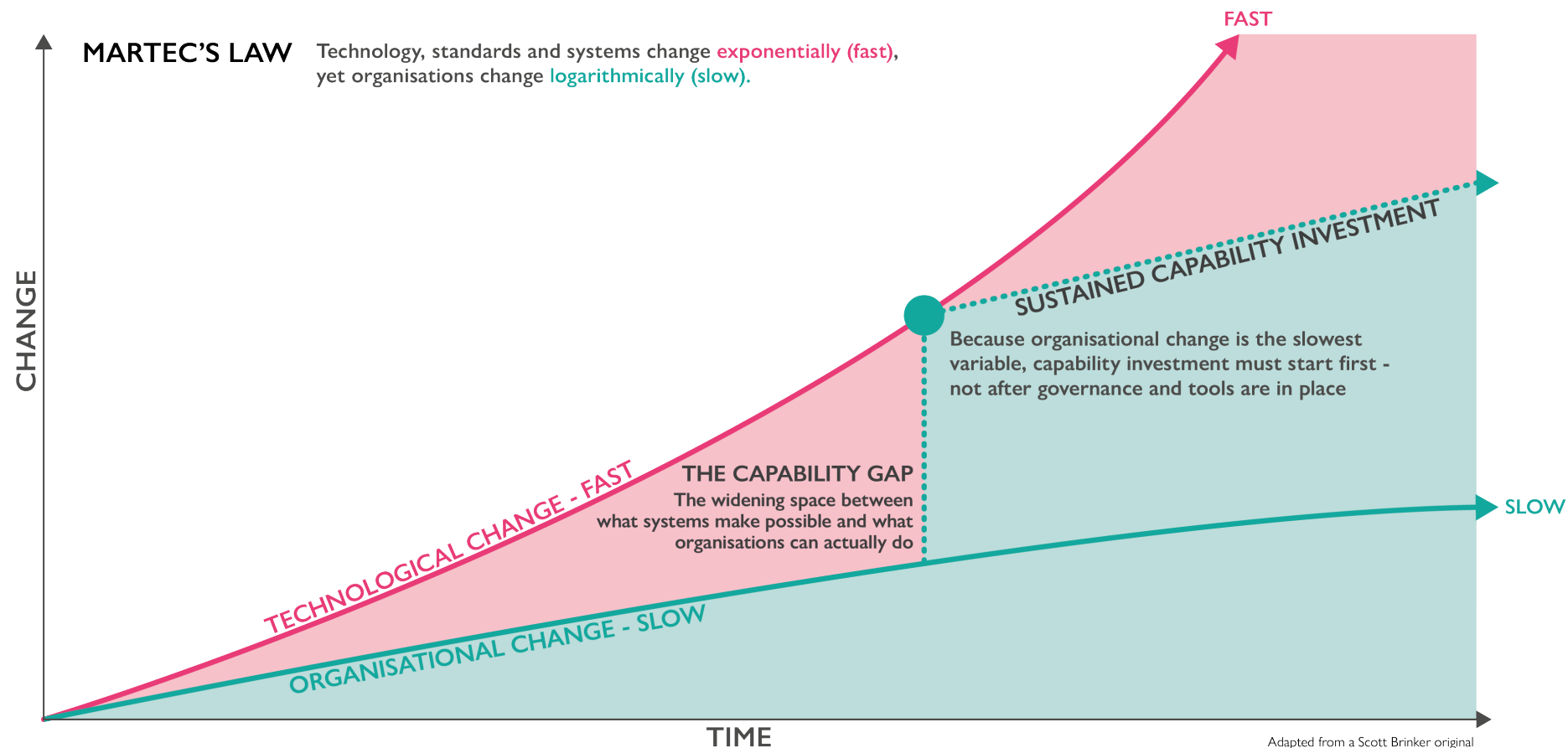
With it, portfolio efficiency becomes less about control and more about craft - a quiet competence, learned through practice, that allows the system to improve itself.

The shifts required to achieve PORTFOLIO EFFICIENCY



- from individuals, teams & culture

Martec's Law illustrates why organisational capability must be treated as foundational, not supplementary. Technology, standards and data systems can all be designed and deployed relatively quickly. But organisations change slowly: changing habits can take years, professional identities are hard-won, and new ways of working take root only through repeated practice. The gap between what systems make possible and what people can actually do widens unless capability investment starts early and continues throughout. Portfolio leaders who wait until governance and tools are in place before turning to culture and skills will find the organisation unable to use what has been built. Because organisational change is the slowest variable, it should be one of the first investments, not the last.



3-4: Stakeholder & partner engagement

No portfolio sits in a vacuum. It operates within an environment of competing interests, institutional histories, and unequal distributions of risk and reward. The central challenge of portfolio efficiency is that it asks specific teams to accept tangible constraints—on budget autonomy, design freedom, and local specification—in exchange for collective benefits they may never directly experience. This is not a flaw to be managed away through better communication; it is a structural feature that engagement strategy must honestly acknowledge.

Effective engagement begins with clear-eyed mapping of this landscape: who holds formal authority, who exercises informal influence, and how costs and benefits fall across the system. This analysis should distinguish between those whose role is to be consulted, those whose consent is required, and those who should participate as genuine co-designers of the portfolio model. Different stakeholders require different forms of engagement. A technical working group that builds trust with delivery professionals will not satisfy Treasury requirements; a business case that secures Treasury approval will not generate local authority commitment.

For departments, this often means rethinking established habits. Engagement cannot remain a series of project-by-project consultations. Portfolio efficiency requires stable, portfolio-level forums where key actors—regulators, local government partners, operators, representative user bodies—can shape shared standards, agree priorities, and understand trade-offs together. Internally, policy, finance, commercial and delivery functions need structured collaboration as a unified commissioning system, not competing tribes.

Timing matters as much as structure. Engagement that begins after planning is complete becomes damage limitation rather than co-design—and stakeholders recognise the difference. Early involvement, when genuine choices remain open, builds ownership and surfaces legitimate variation before it hardens into opposition.

Well-designed stakeholder architecture achieves three things

1. **Creates early, legitimate co-design.** The people who will live with the consequences of portfolio choices are involved upfront in defining what “good” looks like
2. **Clarifies roles and expectations**, so that each partner understands when they are advising, deciding, or being held to account
3. **Provides resolution routes**, when portfolio and local interests collide.

Without this architecture, even well-governed portfolios find themselves pulled apart by competing demands and continuing debate. With it, the department can move towards a more stable social contract: stakeholders may not always get what they want on each project, but they can recognise a fair and consistent system that treats their interests with respect.

Alignment, once built, still requires maintenance. It is not a milestone but a discipline.



Charlie Munger, Berkshire Hathaway’s Vice Chairman, used to refer to the “Kantian fairness tendency”- a term to describe the pattern that people will reject exchanges that benefit them if the distribution feels inequitable. They will sacrifice personal gain to punish perceived unfairness.

Portfolio efficiency programmes often ask project teams to accept real constraints in return for benefits that are diffuse, delayed, and often accrue elsewhere. If the centre captures the credit whilst the project carries the friction, resistance is inevitable.

Stakeholder engagement requires a recognition of psychology as much as investment case.

3-5: Ecosystem / supply chain capability & partnerships

A portfolio-based approach to public investment will only deliver its promised benefits if departments, their advisors and suppliers have the capabilities to work in that way. Better governance, data and standards are necessary, but not sufficient. They need to be matched by people and organisations who understand portfolio logic, can apply it consistently, and are incentivised to improve it over time. Building deliberate capability partnerships across the commissioning system and the market is therefore a key enabler of value for money, not an optional enhancement.

The case for doing so is threefold.

First, a portfolio model asks departments to act as informed clients, making judgements about trade-offs across programmes, curating common assets and managing system-wide risk. These responsibilities cannot be outsourced wholesale. Departments need sufficient internal capability – in policy, finance, commercial, technical and operational teams – to ask the right questions, interpret advice, and hold an integrated view of the portfolio. External partners can extend and deepen this capability, but they cannot substitute for it.

Second, capability partnerships reduce waste and duplication. Without stable relationships, each project tends to relearn the same lessons and rebuild the same tools. By contrast, when departments work repeatedly with advisors and delivery partners on portfolio terms, they can co-develop common solutions, iterate them across schemes and share learning systematically. This supports greater repeatability, more reliable performance and lower whole-life cost.

Third, capability partnerships help manage market risk. A clear portfolio and a consistent way of working give suppliers confidence to invest in people, systems and capacity. Where professional teams and the delivery supply chain can see a flow of work governed by predictable standards and behaviours, they are more willing to commit to long-term improvement rather than short-term optimisation.

Departments should approach this task in a structured way.

They should begin by defining the capabilities required to operate a portfolio: for example, portfolio design and appraisal, commonality planning, data literacy, collaborative commercial practice and system-level risk management. They should then assess current strengths and gaps across the core department, its arm's-length bodies and major programmes. This assessment should inform targeted development for civil servants and ALB staff; an “informed commissioner” is one who has been trained and supported to use portfolio tools and to work effectively with partners, not one who relies entirely on them.

Next, departments should build capability partnerships with both professional advisors and the delivery supply chain. Consultant and adviser appointments should be made on terms that explicitly support portfolio objectives: scopes that include contribution to shared standards and data, evaluation criteria that recognise experience in programme-level delivery, and fees that reward configuration and reuse rather than utilisation. Delivery partners should be engaged through frameworks or alliances that span multiple projects, with clear expectations on using common approaches and feeding back learning.

Finally, capability partnerships should be set up as learning systems. Joint training, shared reviews, cross-programme communities of practice and transparent use of performance data should all be used to refine capabilities over time.

Done well, this creates a stable coalition of an informed client, aligned advisors and capable supply chain, able to deliver portfolios that are more consistent, more resilient and better value for the public.

STEP 4: DEVELOP

Form the shared infrastructure

“Standards are always out of date. That’s what makes them standards.”

Alan Bennett

Step 4, Develop, turns the opportunities identified in Step 1, Assess into shared portfolio assets.

It uses the same four lenses – **data, assets, processes and relationships** – but at a finer level of detail.

Subject to the commonality plan, data can become a common data architecture. Assets can become shared requirements, standard designs and construction systems. Processes can become standard ways of delivering projects. Relationships become repeatable commercial and collaboration models.

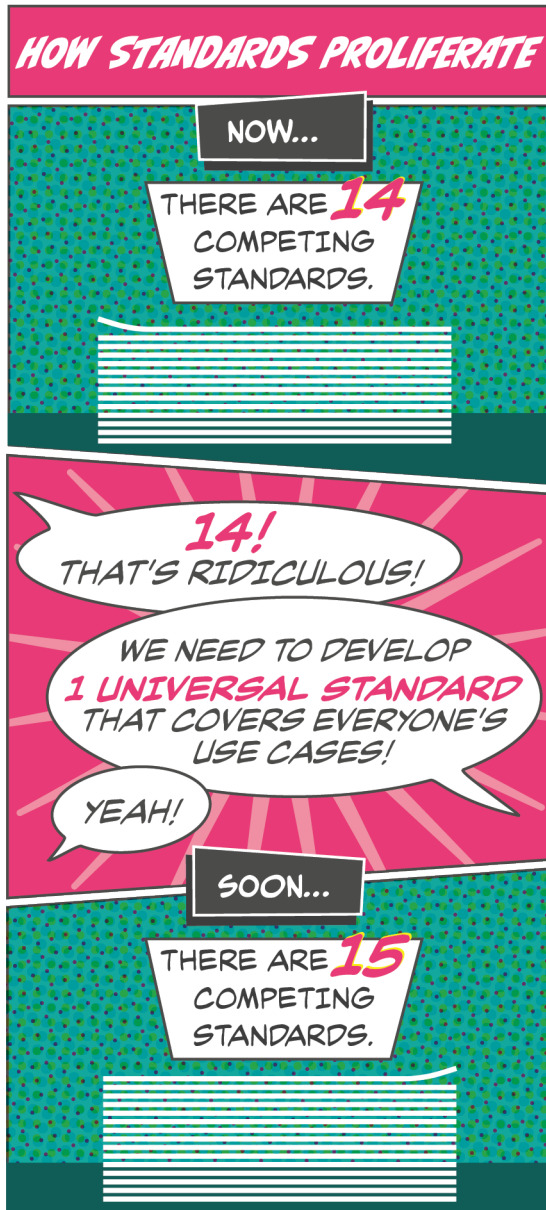
The task in this stage is to develop, create and curate these common elements, and to agree the rules for when they must be used and when schemes can diverge.

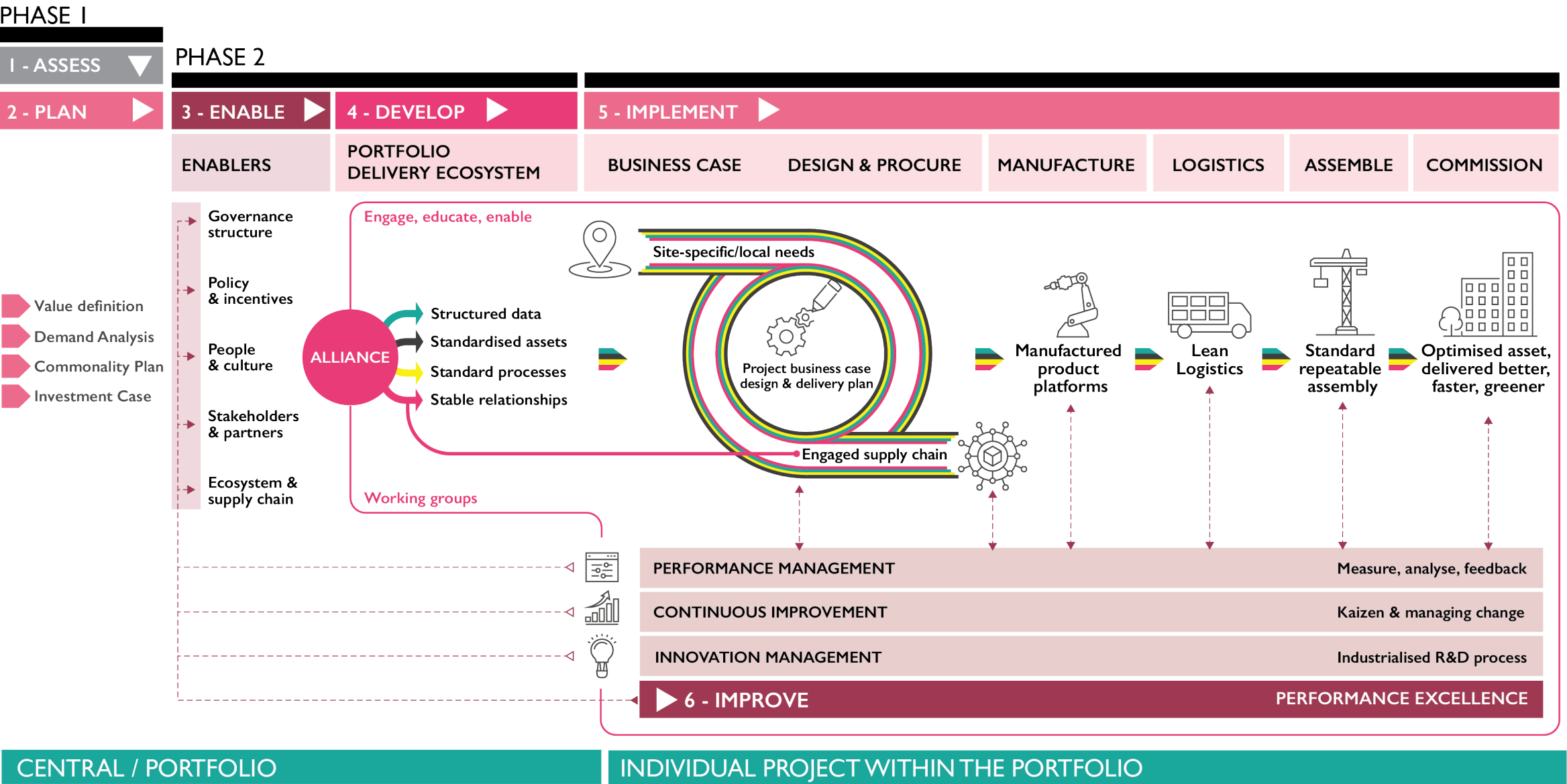
Exactly how this is achieved will vary by sector, portfolio and organisation. This guide does not attempt to prescribe a single method for designing platforms or standards. Instead, it sets out a taxonomy of focal areas under each of the four lenses – the potential points of commonality – and highlights some recurring lessons from portfolio initiatives.

Experience from portfolio initiatives across multiple sectors points to a few practical lessons when developing common elements:

- » **Be precise about scope.** Not everything should be on the platform. Start with the areas where Assess and the Commonality Plan show clear, repeatable demand and genuine value from doing things the same way.
- » **Standardise structure, not outcomes.** Common data structures, interfaces and processes often travel better than fully fixed “solutions”. They allow local choice within a stable frame.
- » **Separate “must be the same” from “can be different”.** Make explicit what is genuinely non-negotiable (e.g. safety, core performance), what should be a strong default, and where local variation is expected.
- » **Guard against standard proliferation.** Without strong ownership, standards tend to multiply rather than simplify. A smaller set of well-governed standards will usually beat a long catalogue that nobody can navigate.
- » **Plan for evolution, not permanence.** Common elements will need to change as policy, technology and markets move. Build in clear routes to update, retire or replace them, rather than treating them as fixed for the life of the programme.
- » **Assign clear ownership.** Every significant standard or common element should have a named owner, accountable for its fitness for purpose, adoption and periodic review.

These principles do not remove the difficulty of getting agreement, but they help avoid two common failure modes: commonality that is vague and adds little value, or standards so rigid that users work around them.





STEP 5: IMPLEMENT

Driving project adoption

**“In theory there is no difference
between theory and practice. In
practice, there is.”**

- Yogi Berra

With governance established, standards defined, and capability in place, the next step is implementation. This is where portfolio principles meet people and projects, and where the strategy either embeds or unravels.

Implementation is often treated as a command and control exercise. In reality it's a negotiation with entropy. It depends less on issuing instructions and more on shaping the environment in which teams make choices.

Three interlocking mechanisms matter most - **stakeholder adoption, compliance, and change management**. Together, these turn principles into shared practice.

5-1: Stakeholder adoption

Stakeholder adoption builds on the alignment created in the enable phase. Engagement and co-design establish a shared direction; adoption is about whether project teams actually work within the portfolio model in the way it was intended. The point at which the stakeholder architecture becomes lived behaviour.

Adoption rests on three conditions.

- » **Clarity:** Everyone should be clear what the Portfolio Efficiency Strategy is trying to achieve, and how their role contributes to it. Without that, the portfolio feels abstract and distant from day-to-day decisions.
- » **Legitimacy:** Teams must believe the common assets were designed by people who understands the job. A standard perceived as a distant imposition from the centre will struggle to stick.
- » **Mutual Benefit:** Gains must be shared. If the savings from efficiency are captured entirely by the centre while the risk remains with the project, adoption will stall. Teams must see that standardisation leads to tangible better outcomes.

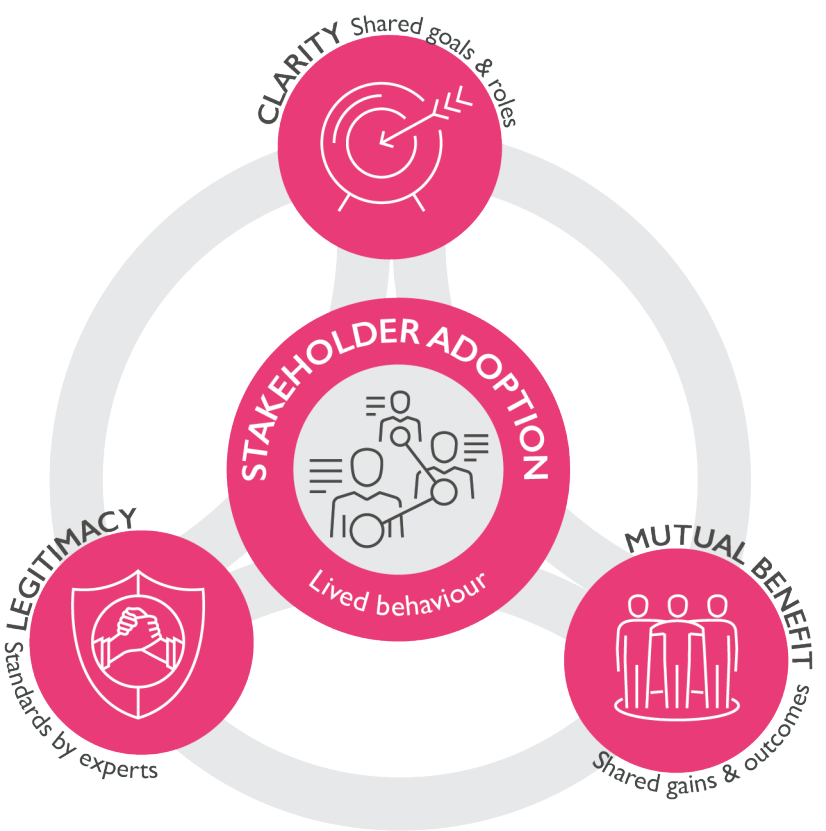
This is rarely achieved through “**hearts and minds**” campaigns alone. Under deliver pressure, project teams do not choose the method that makes them feel most inclusive; they choose the one that solves their immediate problem with the least risk. Behaviour follows the incentives and constraints of the system. If a project team has to work hard to find the standard design, or if the standard data template is difficult to use, they will revert to what they have done before.

The portfolio model therefore has to work in practice, including:

- » **Path of least resistance:** Using the portfolio standard should be faster and cheaper than inventing a bespoke solution. The “approved” process, solution or path should be easy to access, adopt and apply.
- » **Visible Support:** Adoption friction is reduced when help is on hand. If a team has a question about a standard and gets no answer, they will create their own workaround.
- » **Shared Benefit:** Teams must see that the rigidities of standardisation are the price paid for the freedoms of speed and certainty.

In that environment, cooperation becomes a matter of conviction as well as convenience. Stakeholder adoption is less a single launch moment than a **continuing social contract**: the department honours its side of the bargain – providing clarity, credible standards, visible support and a fair share of the gains – and expects teams to honour theirs by working through the portfolio model.

The mechanisms of compliance and change management give that contract practical effect.



5-2: Compliance

“Rules are for the obedience of fools and the guidance of wise men.”

- Douglas Bader

Compliance translates this social contract into rules, defaults and checks. It is the check that each scheme aligns with the commonality plan: that it uses shared data, requirements, designs and processes so the portfolio behaves as a system rather than a collection of individual projects.

The difficulty is that “compliance” is a loaded term. In many organisations it is experienced as a tax on the project: a bureaucratic industry of forms and reviews that slows delivery and adds little value. If it is seen as a constraint on autonomy, teams will treat it as a box-ticking exercise. The traditional model reinforces this view. Compliance is organised around gate reviews – periodic audits in which a project is halted, inspected and then, more often than not, allowed to proceed regardless of what is found. These checks typically come too late to change the design and serve mainly to generate paperwork (and fees). They offer the appearance of control rather than real coherence.

A portfolio approach calls for a different understanding. Compliance is not about stopping projects; it is about designing a system in which using the standard way of doing things is the obvious choice and deviation has to be actively argued for.

Not everything should be mandated with equal force.

- » Some elements are **hard constraints**: safety standards, regulatory requirements, technical interfaces on which multiple projects depend. These are non-negotiable.
- » Others are **strong defaults**: reference designs and commercial models that suit most contexts but can be varied with proper justification.
- » And some are **guidance**: lessons and good practice for teams to apply as appropriate.

Treating everything uniformly either stifles legitimate adaptation or allows the system to unravel through a thousand small exceptions. It is better to be explicit about categories and clear about which is which.

Within that structure, compliance then depends on two things.

- » **Common assets must be worth using.** They need to be genuinely better than what project teams would produce on their own. Documentation should be clear; precedents easy to find; technical support responsive when questions arise. A well-maintained library of designs and specifications, guidance on how to configure them in different contexts, worked examples from previous schemes and a help desk that answers quickly all reduce the practical cost of following the standard. The stronger this support, the lighter the enforcement burden can be.
- » **There have to be tramlines:** clear boundaries and predictable consequences for crossing them. A simple “comply or explain” principle helps, but only if it is more than a slogan. Business cases should show how a project complies with portfolio standards or explicitly justify departure; the burden of proof sits with those seeking to diverge. Approval bodies – investment committees, design review panels – should treat unjustified variation as a risk, not a curiosity, and be willing to withhold approval where the case is weak. Governance needs teeth: non-compliant projects may face additional assurance, tighter gating of funds or loss of access to particular funding streams.

Someone must own the integrity of the common platform. That is usually a portfolio-level technical authority, with the credibility to adjudicate on proposed variations and the access to governance to make those decisions stick. Without this role, every project negotiates its own deal and commonality fragments.

Not all variation is gold-plating. Sometimes the standard genuinely does not fit: site constraints, regulatory differences, or lessons from early schemes that show the need for improvement. There should be a clear, quick process for seeking approval to vary, with transparent criteria and technical assessment. When variations are approved, the reasons should feed back into improving the common assets. Every derogation is a data point: if several projects ask for the same exception, the standard is likely wrong, not the projects.

What happens when projects diverge without approval is where compliance either matters or dissolves. Options range from withholding business case sign-off, through escalation to portfolio governance, to publishing compliance data so that departures are visible. The severity should depend on context, but there must be consequences; otherwise “explain” quickly becomes “ignore”.

Enforcement only works when it is seen as legitimate: when people can see the connection between the rules and better outcomes, and when those who work within the standards are not disadvantaged in time, resource or support.

The appropriate model depends on context.

Where stakeholder autonomy is high and commonality modest, lightweight alignment may be the only realistic option.

Where funding is centralised and commonality demonstrably value-adding, heavyweight mechanisms make the portfolio strategy enforceable.

Most portfolios need both: heavyweight control over a small core of non-negotiables, lightweight coordination elsewhere.



LIGHTWEIGHT	ALIGNMENT	HEAVYWEIGHT
Recommended	COMMON SOLUTIONS	Required
Documented for the record	DIVERGENCE	Requires formal approval
Guidance published and promoted	GUIDANCE / STANDARDS	Standards mandated & derogation route
Self-assessed by projects	COMPLIANCE	Verified at key stages
Noted in lessons learned	NON-COMPLIANCE	Blocks stage progression
Portfolio advises project boards	ADVISE / AUTHORITY	Portfolio authority to withhold sign-off
Through persuasion	INFLUENCE	Through funding conditions
Absorbed informally	VARIATIONS	Managed through change control
Shared when convenient	LEARNING	Fed back into common assets
Relies on goodwill	SUCCESS	Relies on governance with teeth

5-3: Change management

As portfolios mature, change becomes inevitable. Projects reveal new insights; technologies and regulations evolve; and what once worked smoothly begins to strain against new realities.

The challenge is not to prevent change but to manage it in a way that strengthens rather than fragments the system.

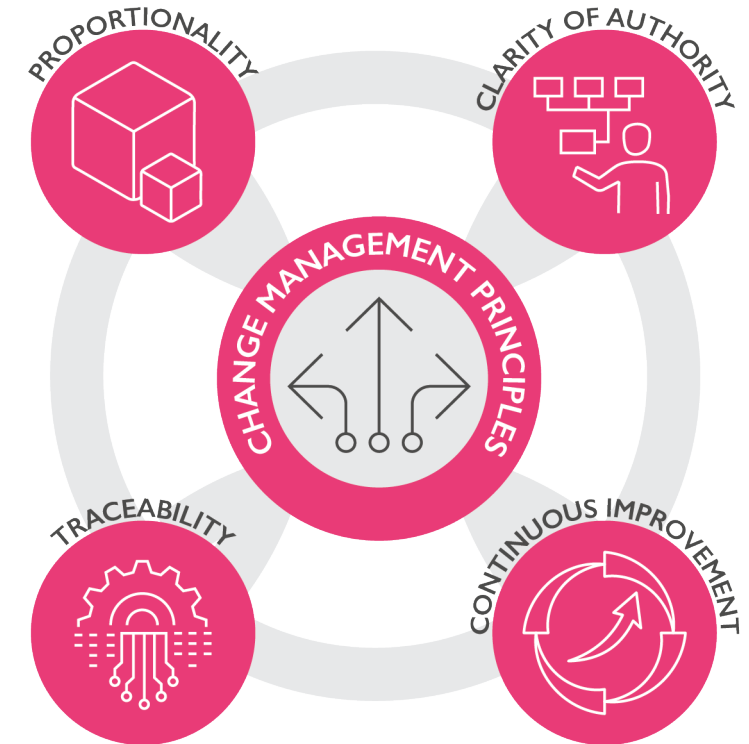
Change management is not just an administrative process; it is the defence mechanism of the portfolio. It distinguishes between learning – changes that improve the system for everyone – and drift, which serves only a local preference. A robust approach ensures that the shared assets underpinning the portfolio, whether data structures, design templates or operating processes, remain relevant and reliable over time. It provides a framework for adaptation that preserves coherence while enabling improvement.

Effective change management is guided by a few principles.

- » **Proportionality:** Not every change carries the same weight. The process should distinguish between local refinements and portfolio-wide shifts, applying effort in proportion to impact.
- » **Clarity of Authority:** It should be clear who can approve what, and at which level. Local teams should handle operational refinements; strategic changes should rest with portfolio governance.
- » **Traceability:** Changes should be visible, with their rationale recorded and accessible, so that the system can learn from its own evolution. Every deviation from the standard is a data point. It must be recorded, not to punish the team, but to teach the system. If five projects request the same “derogation,” the standard is wrong, not the projects.
- » **Continuous Improvement:** Every approved change should feed back into the shared asset base - closing the loop between implementation, insight, and enhancement. The most critical failure in implementation is the “dead end”. This occurs when a project solves a problem, but that solution is never fed back into the common assets. A robust change process ensures that today’s exception becomes tomorrow’s standard.

How these principles are enacted will differ by organisation. Some may use a lightweight review cycle, others a formal change board. The critical point is not the format but the discipline - a process that is consistent, transparent, and integrated into governance.

When change management works well, the portfolio learns deliberately, not accidentally. Standards evolve without losing integrity, and the system remains both stable and responsive, capable of improvement without disruption.



STEP 6: IMPROVE

Driving continuous improvement

**“However beautiful the strategy,
you should occasionally look at
the results.”**

- Ian Gilmour (not Winston Churchill)

Enablement sets the conditions; implementation brings them to life. Improvement ensures they last. It is how a portfolio learns, measures, and renews itself - translating experience into intelligence and intelligence into progress.

Improvement depends on three connected elements; a clear view of performance, structured feedback from delivery into planning, and a controlled environment for testing and scaling new approaches.

6-1: Performance management system

A performance management system provides the visibility needed to steer a portfolio intelligently. It turns measurement from compliance into understanding - showing whether the strategy is working, where it is not, and why. It helps to look at performance along three linked dimensions:

1. System Health: is the model actually being used?

If standards, data structures and common processes are not part of everyday delivery, there is little point looking for portfolio-level benefits. Signals are about use and integrity: the share of projects with common requirements using common designs and specifications; patterns of derogation; the amount of assurance effort expended per pound invested.

2. Efficiency: is delivery better than the status quo?

If the model is being used, this is where improvements should show first. The emphasis here is on intermediate effects: changes in business case, design and procurement cycle times; reduced variability of outturn cost for similar assets; fewer unplanned re-scopes and resets; lower volumes of rework.; These indicators reveal whether the portfolio approach is beating business-as-usual before final benefits are visible.

3. Impact: is the portfolio positively improving outcomes?

This is explicitly lagging – measures will vary by context but typically include whole-life cost and cost per unit of service; time taken to bring new capacity into use; whole life carbon performance service quality and user satisfaction; the resilience and reliability of the asset base;

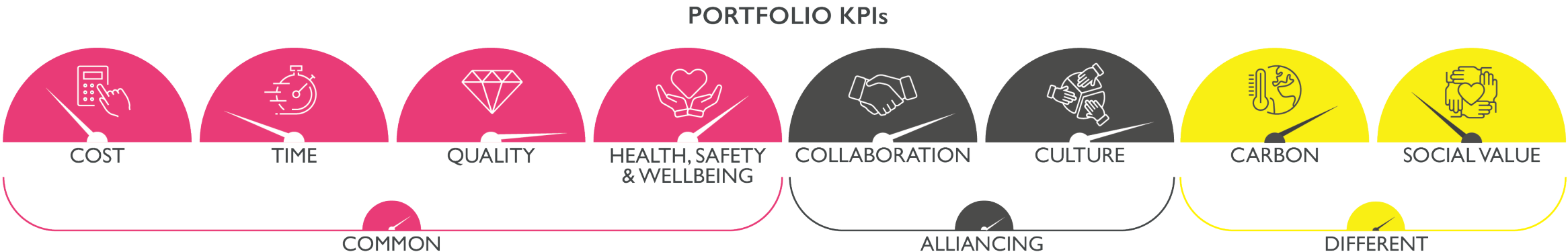
A portfolio can deliver good outcomes despite poor management, carried by favourable conditions or exceptional teams. Separating impact from efficiency and system health helps identify where problems actually lie. The indicators that matter are those that illuminate this chain, rather than those that are merely convenient to count. Together, system health, efficiency and impact provide a line of sight from strategy to project and back, and a basis for adjusting standards, priorities and investment.

The aim is not an elaborate scorecard but a small set of measures providing line of sight from strategy to project and back. A credible framework is proportionate in what it asks projects to report, consistent enough over time to support learning, and consequential in that results shape real decisions. When data is part of governance rather than an afterthought to it, it guides investment, refines incentives and shows where friction sits in the system.

Goodhart’s Law, that any measure which becomes a target ceases to be a good measure, operates with particular force in public sector. The antidote is a small, balanced set of indicators, interpreted in context and used to prompt questions rather than to declare victory.

A sound performance system balances rigour with realism. It measures what matters, links naturally with decision cycles, and helps organisations adjust before small inefficiencies become systemic failures.

The graphic below is illustrative on how the Ministry of Justice managed performance through three lenses - and grouped KPIs into those deemed common to all projects, those that reflected the Alliancing arrangements, and those that differed by project.



6-2: Continuous improvement

Continuous improvement closes the loop between planning and performance.

It makes sure lessons are not just noted but used - refining the strategy, the enablers, and the shared assets that support them.

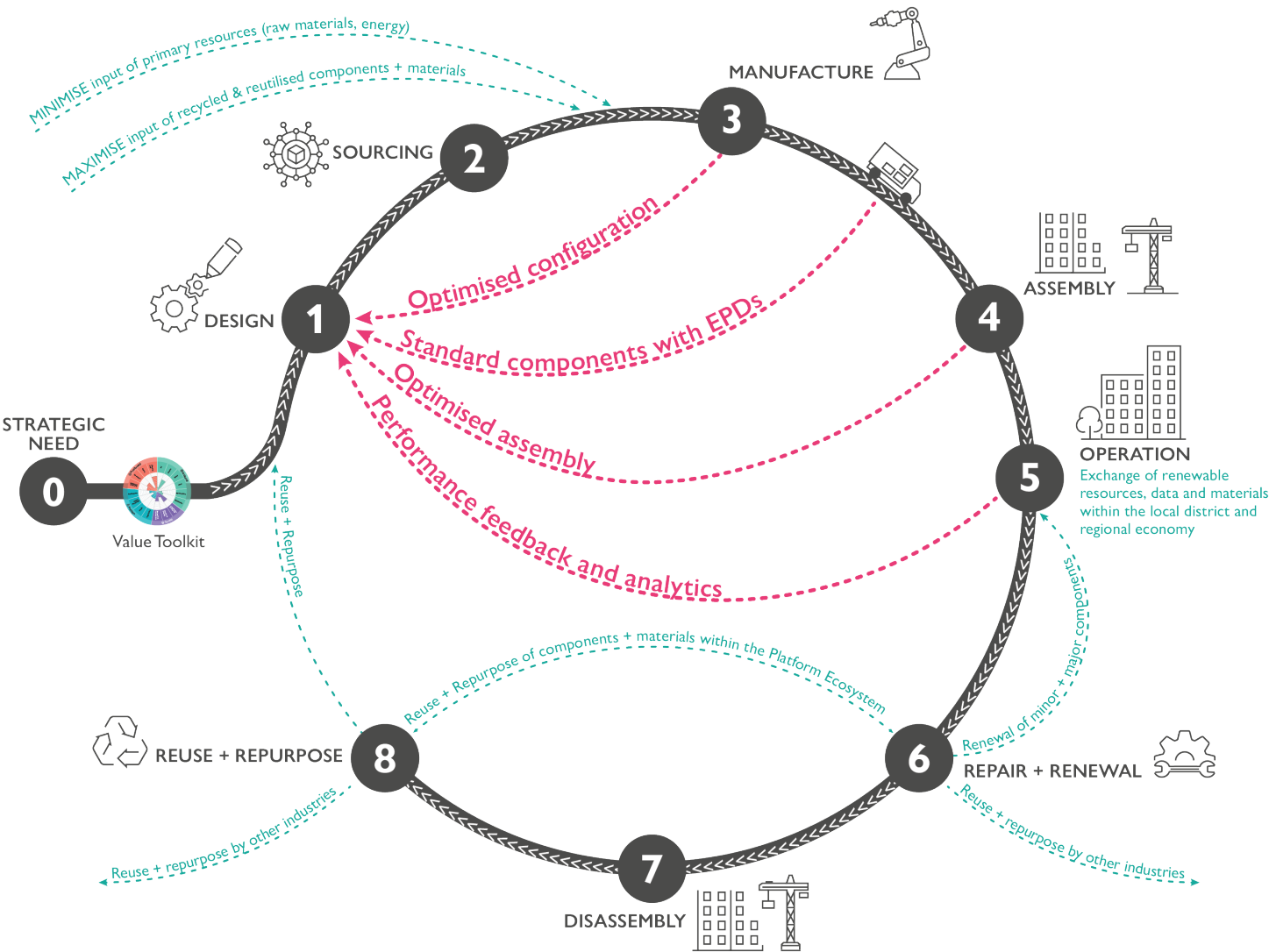
Learning happens at multiple levels. Within projects teams review what worked, what failed, and what might be done differently. Across programmes, patterns emerge that reveal systemic strengths or recurring bottlenecks. At portfolio level, these insights inform the next iteration of governance, standards, and policy.

The critical point is integration. Improvement has to be part of the same rhythm that drives delivery, not a postscript to it. Feedback needs to move along the same pathways as capital and decision authority. When learning and delivery are aligned, change becomes continuous instead of episodic.

Yet lessons-learned exercises fail more often than they succeed. The typical pattern is familiar: a workshop is held, observations are recorded, a document is filed, and nothing changes. This happens because learning in organisations is not primarily a knowledge problem but an incentive problem. Admitting failure carries career risk. Honest reflection can be weaponised in future accountability exercises. And the people who could most benefit from lessons are rarely those who captured them.

Effective continuous improvement therefore requires deliberate institutional design. It needs protected forums where candour does not carry penalty—spaces that sit outside the normal accountability chain. It needs mechanisms that push learning to where decisions are made, rather than waiting for busy teams to pull it. And it needs visible leadership commitment: when senior figures model reflection and acknowledge error, it signals that learning is valued, not merely tolerated.

The discipline is cultural as much as structural. Systems learn when people do - when curiosity is rewarded, reflection is expected, and progress is recognised not by the absence of error but by the speed of recovery. Continuous improvement only works when feedback travels - between projects, across programmes, and back into the core of the portfolio's logic.



6-3: Innovation management system

Innovation keeps a portfolio alive.
Without it, efficiency becomes rigidity;
with too much, coherence unravels.

An innovation management system provides balance - a structured way for new ideas to surface without destabilising the commonality.

A portfolio makes this easier. By establishing commonality, it creates a baseline: a consistent way of working against which variation can be measured. The same metrics that track performance also allow the effect of innovation to be seen, judged and, when useful, repeated. In that sense, the portfolio turns experiments into controlled experiments.

By concentrating most effort on steady, repeatable delivery, it frees a smaller number to explore the edge: testing ideas, trying new techniques, finding better ways to do familiar things. Their discoveries are brought back, assessed against the baseline, and, when valuable, absorbed into shared practice. This is exploration with intent, not experimentation for its own sake.

A well-governed innovation process:

- » **Creates defined space for trying new approaches** - clear roles, clear boundaries, and a small number of schemes or workstreams that act as testbeds.
- » **Applies proportionate review** -, judging novelty by how it strengthens portfolio coherence, not by how shiny it looks.
- » **Connects back to shared assets** - so that proven ideas update the data, designs, and standards that others depend on.
- » **Encourages collaborative intelligence** - linking delivery teams, suppliers, and research partners in a common environment for safe innovation.

When managed in this way, innovation strengthens the system instead of fragmenting it. It becomes the organised curiosity of the portfolio - a few exploring on behalf of the many, ensuring progress remains continuous, but controlled.

The risk is that this capacity is treated as optional. When delivery pressure intensifies – as it always does – exploratory teams are pulled into operational firefighting and budgets for experimentation are raided to cover overruns elsewhere. What looks like a sensible short-term trade quickly erodes the very capability that allows the portfolio to adapt, leaving it progressively less able to respond just as the environment shifts most sharply.

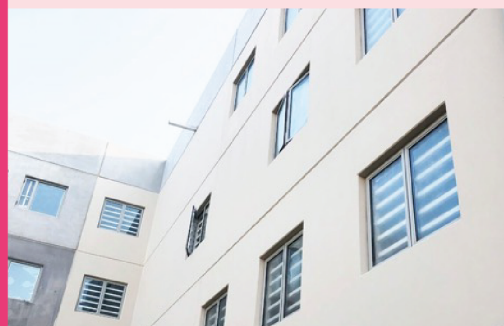
Protecting innovation requires structural commitment: ring-fenced resources, governance that treats exploration as essential rather than discretionary, and metrics that value learning from failure as much as successful adoption. It also requires honesty about time horizons: most genuine innovation takes longer to mature than political and budgetary cycles naturally allow; without deliberate protection, short-term pressure will always crowd out long-term renewal.

Precast is one of the most widely adopted Modern Methods of Construction (MMC), however as a cement-based product, concrete manufacture is a fuel and electro-intensive process, said to be responsible for 4-8% of the world's CO2 emissions.

Supported by Innovate UK funding, this R&D project built on existing research to find ways to reduce the embodied carbon of precast concrete, crucially applied against a real-world project for the Ministry of Justice.

The team challenged every decision made within design, manufacture and construction, through the lens of carbon, resulting in significant carbon savings.

We ensured the solution was also commercially viable and technically ready for adoption by companies across the sector, in the immediate.



Akerlof led the Innovate UK bid, assembled the partners and managed the project as PMO, working with all external stakeholders, including Innovate UK and the Ministry of Justice.

We established an integrated team from across the value chain, consciously creating an environment for collaboration to ensure that the development of solutions reached beyond respective organisational boundaries, such that all partners were co-responsible for sustainable outcomes.

CASE STUDY: DELIVERING INNOVATION

- ▶ Our precast solution achieved a 40% reduction in embodied carbon against industry baselines (ICE database).
- ▶ Compliance with codes and regulation, having testing within a laboratory and at scale in the manufacturing environment.
- ▶ Optimised solution that eradicated carbon by challenging the Employer's Requirements and balancing reinforcement and concrete strength.
- ▶ Commercially viable option for the market in terms of price, risk and production; technically ready for adoption across multiple sectors.

LEARN MORE

Property Week interviewed our Partner, John Handscomb on the impact of COVID-19 on the climate emergency and how businesses can prioritise net zero.

▶ [CLICK HERE](#) to read their article called 'Net Zero needs Concrete Thinking'

On publishing our report the project was picked up by media around the globe including Sky News.

▶ [CLICK HERE](#) to watch a video of the broadcast

New Civil Engineer covered our achievements in 'UK research team reduces embodied carbon in concrete'

▶ [CLICK HERE](#) to read the story

TESTIMONIAL

“

This study demonstrates how supply-chain collaboration enables innovative decarbonisation solutions.

- Ministry of Justice Representative ”

System tensions

These three disciplines do not sit easily together. Performance management, if too rigid, suppresses innovation by rewarding conformity to existing standards. Continuous improvement, if too cautious, becomes risk-averse incrementalism that crowds out genuine novelty. Innovation, if too loosely governed, fragments coherence and undermines the repeatability that efficiency requires.

Managing these tensions is a leadership task, not a system design task. No framework can resolve them automatically. What good design can do is make the tensions visible—creating forums where trade-offs are discussed explicitly, where the pressure for short-term performance is weighed against the need for long-term adaptation, and where decisions are made with eyes open to their systemic consequences.

Ultimately improvement is not a set of processes bolted onto delivery. **It is the way a portfolio remains intelligent over time - sensing change, absorbing feedback, and renewing itself without losing the coherence that makes it a portfolio at all.**

BEFORE YOU BEGIN: PRE-MORTEM

The six steps of the Portfolio Efficiency Framework provide a disciplined route from evidence to decision to delivery. But following them is not enough. History is littered with portfolio initiatives that followed a logical process and still failed: not because the framework was wrong, but because the team did not pause to ask where it might break.

Before committing to implementation, we recommend conducting a **pre-mortem**. Begin by casting a future scenario and a negative one at that. Assume the programme has failed. The efficiency gains haven't materialised; in fact, costs have increased. Common elements haven't been adopted. Stakeholders are disengaged.

Now ask: **where in the framework did it go wrong?**

Walk back through each step of the PEF. Did Plan define value too loosely, allowing scope to expand unchecked? Was the Investment Case optimistic or founded on bold assumptions? Were there challenges in aligning governance, incentives, consultants and procurement teams? Did we attempt to standardise what was always variable? Was there any change control post roll-out? Did we fail to pick up feedback or learn lessons quickly?

For each plausible failure point, define the mitigation. Some will be straightforward; others will require difficult trade-offs or reduced ambition. **A few may reveal that the programme, as currently conceived, is not viable.**

That is a finding, not a failure.



ALMOST THE END

None of this is easy. If it were, this guide would be redundant.

The fact that most attempts at portfolio efficiency fail is not evidence that the goal is wrong ... it's evidence that the work is hard.

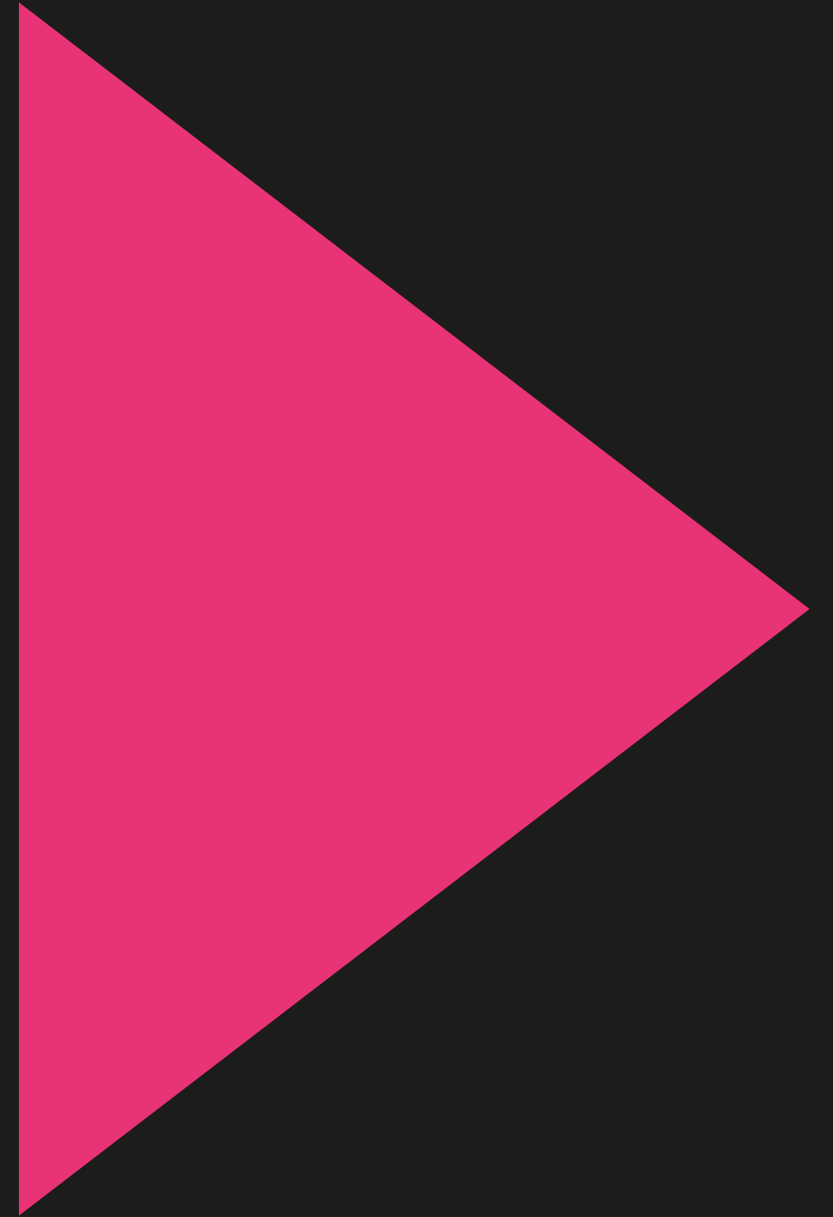
What this framework offers is not a guarantee but a map: a way to see the terrain, avoid the known traps, and understand why progress feels difficult even when you are doing it right.

Some of you will read this and recognise your own struggles. Others will read it and decide the prize is not worth the fight. Both are legitimate conclusions.

For those willing to try, the reward is not efficiency for its own sake but **the capacity to deliver better, faster, and greener with the resources available. That matters.**

Equally knowing the route does not prevent wrong turns. What follows are the places where portfolio efficiency typically loses its way, not for lack of ambition, but for reasons both predictable and preventable.

If you've read this far, its worth continuing through the next few pages.

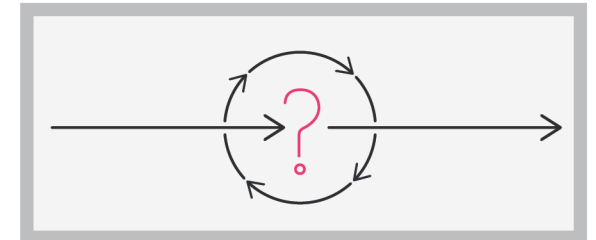
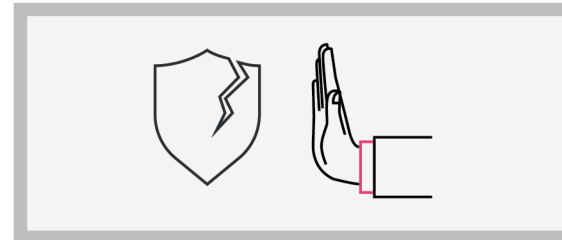
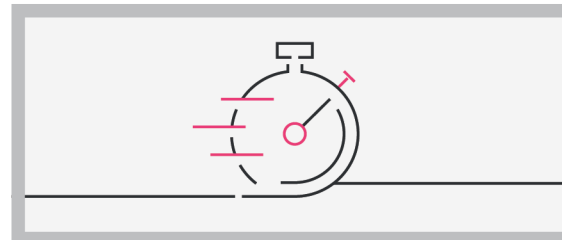
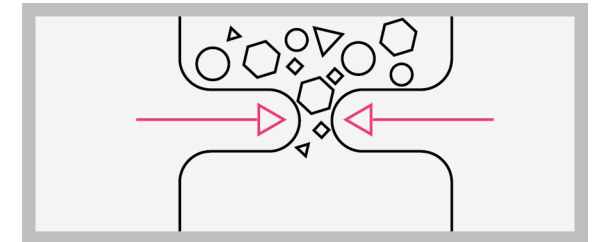
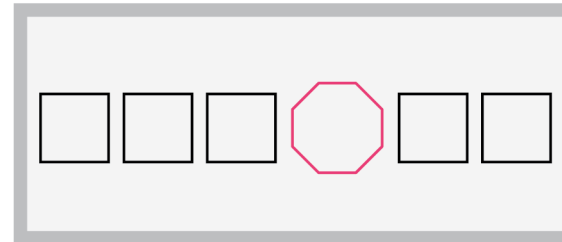
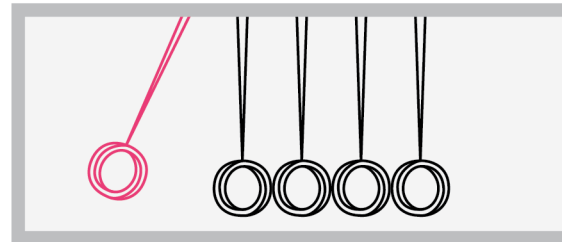
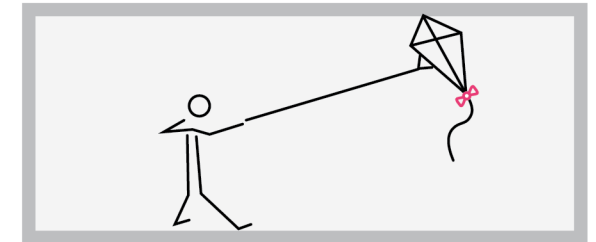
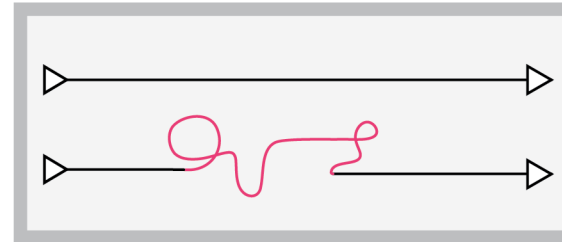
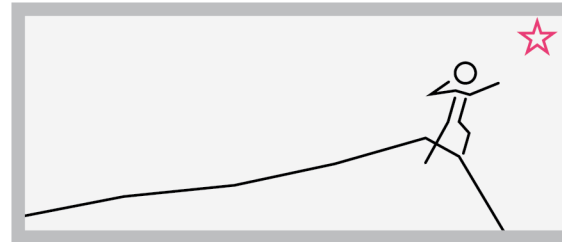


WHAT OFTEN GOES WRONG

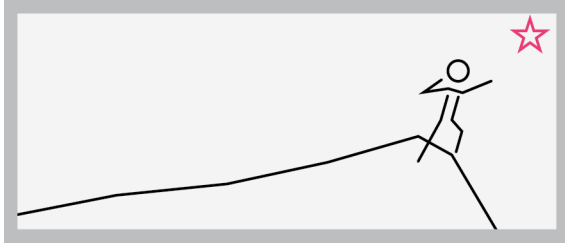
Portfolio efficiency initiatives are becoming increasingly fashionable. Faced with rising demand, tightening budgets, and decades of fragmented delivery, the promise is appealing: standardise, centralise, align - and improvement will follow. In some sectors, particularly those with tightly regulated or naturally uniform requirements, this logic holds. But in many others, the common ground is far thinner than it appears.

The UK's recent history illustrates the risks. Over the past two decades, centralisation-first reforms across digital services, estates, procurement, and capital programmes have produced more than £50 billion in documented failures. ERP systems have grown from £19 million to £216 million; national IT platforms have consumed billions and then been abandoned; central procurement schemes have struggled to deliver scale or savings. These are not isolated incidents. They reflect a recurring pattern in which central design outruns operational reality.

Across sectors, large-scale efficiency programmes consistently fail in several predictable ways. The pitfalls shown here are not theoretical; they are grounded in repeated experience across local government, justice, defence, education, health, and infrastructure. Each pitfall offers a diagnostic lens. If a programme triggers one, experience suggests it will soon trigger several more.



1. Overreach – The value that is sought is too big



Efficiency reforms often begin with an aspiration rather than a definition. “Better” is invoked but rarely defined with the precision required to constrain scope. In this vacuum, political momentum and organisational confidence encourage the pursuit of scale: large resets, comprehensive transformation plans, cross-portfolio harmonisation. These initiatives are attractive because they look decisive and strategic.

In the UK, this dynamic is often reinforced by announcement-first politics. Commitments are made - before feasibility, funding, or design have been tested. Programmes start over-promised and under-specified.

The result is overreach. Programmes attempt to improve everything, everywhere, all at once. The value model inflates beyond the system’s ability to deliver it. What is framed as vision becomes a guarantee of overload.

The NHS National Programme for IT did not fail because the technology was inherently flawed. It failed because the centre overreached. A single national solution was imposed on services with profoundly different needs, maturity levels, and workflows. The assumption of uniformity proved stronger than the reality of variation. The programme was withdrawn.

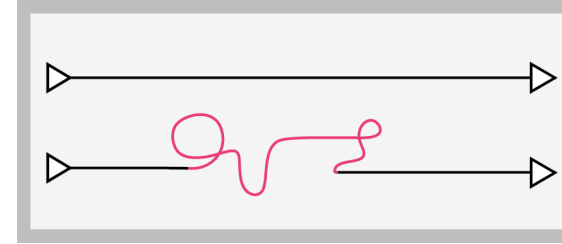
Real gains often lie in the small, repeated problems that quietly drain time, money and morale, not in grand designs. Without a tight definition of value, programmes ignore these high-leverage points and drift toward system-wide redesigns that promise transformation but risk paralysis.

The lesson is simple but often ignored: if you cannot define the value precisely, you cannot constrain the ambition - and unconstrained ambition guarantees overreach.

Diagnostic question

Have we used the Value Definition and Investment Case steps to set a clear, ranked set of value drivers and limits for this portfolio - or have we moved ahead with a broad aspiration (“better”) that allows scope to expand unchecked?

2. The reality gap



The reality gap arises because the centre never sees as much as it thinks it does.

Information degrades as it travels upwards: developed by advisors, softened by optimism, filtered by bureaucracy, shaped by self-preservation, and squeezed through reporting templates that flatten nuance.

This visibility problem creates a predictable pattern. Solutions are designed before patterns are confirmed. Uniformity is imposed before fitness is understood. Future operating models are engineered before the present has been validated. What looks like strategic coherence is often an artefact of distance - decisions made on clarity that’s more apparent than real. What is presented as systems-level thinking can easily narrow into plans that sound coherent but lack, practical, operational knowledge required to make them work. The result is a widening gap between intention and implementation.

The Construction Playbook explicitly recognises this risk in its emphasis on early, structured market engagement and drawing on capability deeper in the supply chain. In practice, however, that engagement is often compressed, selective or delayed, so the reality gap remains.

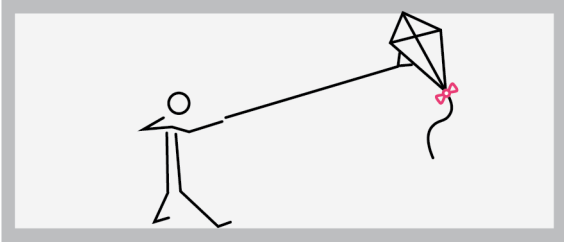
A second, subtler dynamic compounds the problem: Rory Sutherland calls it the “doorman fallacy”. Hotel doormen appear to be pure cost as guests can open doors themselves. Yet doormen signal quality, make guests feel valued, spot and resolve problems before they escalate, and create human connection. None of this appears in standard metrics. Remove them and the system becomes more brittle. Portfolio design falls into the same trap when tacit knowledge is assumed away. What gets measured gets managed; what doesn’t get measured gets designed out. Problems compound when measured data is assumed to be complete and unmeasured value is assumed not to exist.

Case Study: The Soviet Steel Mirage illustrates the same point at scale. In the 1960s, Soviet planners believed a centrally coordinated steel industry could be run like an equation. The Nobel laureate Leonid Kantorovich built models that looked flawless on paper. But the equations were only as good as the data they ingested - and the data, filtered through layers of bureaucracy and self-preservation, bore little resemblance to reality. The more the system standardised, the less it saw.

Diagnostic question

Have we completed a rigorous Assess phase using real portfolio data and tacit insight - or are we assuming visibility we don’t have? What do we rely on that isn’t captured in our data?

3. Consultant-shaped transformation – Implementing a blueprint before learning



Much of the enthusiasm for system-wide redesign today is shaped, directly or indirectly, by the consultancy sector. In The Big Con, Mariana Mazzucato shone at spotlight on how large advisory firms often define both the diagnosis and the cure, with a natural inclination to encourage scale, centralisation, and multi-year coordination. The consequence is that organisations are encouraged to design entire operating models upfront, long before practical learning has occurred.

This makes validation structurally impossible. Once a comprehensive design is locked in, there is little space to run pilots, test counterfactuals, or learn incrementally. Testing looks like uncertainty. Revision looks like failure. Implementation becomes the first moment the model meets operational reality - and by then it is contractually and politically too late to change course.

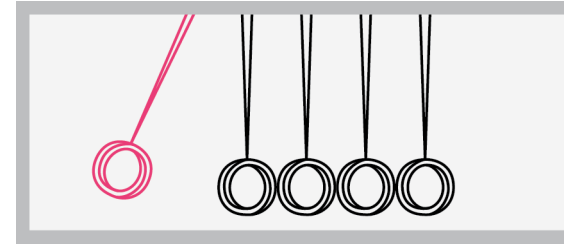
Consequently, transformation can become so heavy that it consumes the value it was meant to create. Blueprint-first transformation amplifies both overreach and the reality gap. It produces systems that assume capabilities they do not have and coherence that does not survive first contact with delivery.

Diagnostic question

What has been tested through delivery, not just designed?

When the model first meets reality, will we still be able to change it?

4. The efficiency paradox



The reform designed to create efficiency can easily become the system that erodes it.

With increased coordination, interdependencies grow. So too do governance structures, and if not carefully designed, decision cycles and approvals. What was local and responsive can easily become central and slow, leaving the centre to spend much of its effort attempting to simplify the complexity it has created.

Hood and Dixon's 2015 analysis of UK government reforms from 1980–2013 found no evidence that centralisation-driven efficiency initiatives produced demonstrable net cost savings. The promise of scale repeatedly collapses into the reality of transaction costs: reporting, assurance, compliance, escalation, and governance maintenance.

At the same time, accountability can become blurred rather than clarified. With multiple sponsors, advisors and suppliers, it is easy to be unclear on who the decision-makers are. Often when everyone is involved; nobody is clearly responsible.

“The bureaucracy is expanding to meet the needs of the expanding bureaucracy.”

- Oscar Wilde

Tony Benn's commentary on the NHS in 1995 observed how institutions designed to serve a purpose risk drifting into serving themselves. When promised savings don't materialise, the centre predictably protects itself by cutting frontline delivery. The portfolio efficiency programme can become an overhead that delivery must fund.

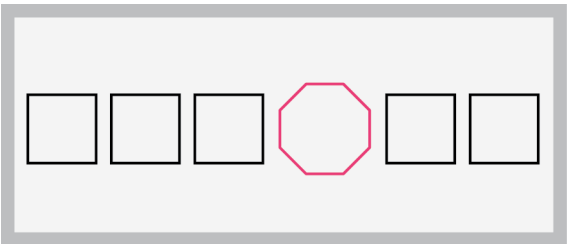
In decentralised systems, duplication is the cost of adaptability. In centralised ones, coordination can easily become a tax on progress.

Diagnostic questions

Does our Investment Case recognise the cost of the 'Enabling' governance, reporting and coordination mechanisms - and still show value?

Are the intended returns clear and have they been tested to mitigate optimism bias?

5. The uniformity problem



The real discipline is distinguishing the forms of consistency that improve system performance from the forms of local variation that genuinely drive outcomes. When reform initiatives assume sameness where variation matters, they drift toward one-size-fits-all operating models that fit nowhere particularly well. **The result is a Goldilocks problem: a framework that is too generic to drive improvement but too rigid to adapt.**

The paradox is that designing for every context often costs more than allowing targeted distinction. Requirements multiply. Complexity becomes baked into standard processes and templates. Areas that should remain adaptive are forced into uniform approaches.

Attempts to impose single finance, HR, or case management platforms across diverse local authorities and agencies have often followed this pattern. Frameworks that looked elegant at the centre proved clumsy in use, satisfying nobody particularly well but constraining everyone.

“Commonality is a strategy for developing better solutions. Commonality is not an objective in itself...”

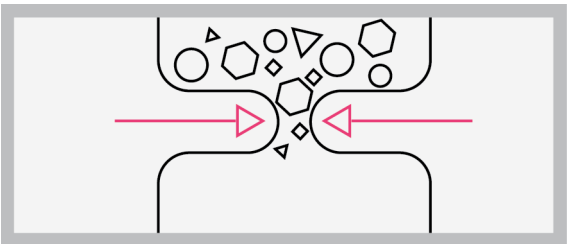
- NASA.

A further risk emerges when the framework becomes an end in itself. Compliance displaces intent. The centre’s model becomes gospel. Frontline teams spend more effort evidencing adherence than improving outcomes. The system’s capacity for learning and innovation erodes.

Portfolio efficiency depends on deliberate boundaries. Common elements should improve reliability, comparability, and learning. Local autonomy should be preserved where context drives local needs and variation. A well-designed portfolio framework recognises difference; it does not attempt to eradicate it.

Diagnostic question
Does our Commonality Plan clearly distinguish essential local differences from habitual variation?

6. The capacity crunch - the system becomes what it cannot support



When portfolio efficiency regimes overreach, coordination can easily expand to a controlling role. And control accelerates the load on the centre. What often begins as a modest organisation can quickly become a gravitational point for every decision, exception and uncertainty.

As responsibilities accumulate, the centre’s remit can quickly expand faster than its capabilities. A small team becomes a gravitational point for governance, analytics, risk, procurement, design, and compliance. Blueprint-first transformation embeds central decision rights before the organisation has the skills or structures to sustain them. The efficiency paradox adds administrative demand.

The hierarchy inverts. A thin, overstretched centre directs those with tacit knowledge - project teams who understand context, constraints, and what actually works. Those capable of judgment wait for permission from those armed with process.

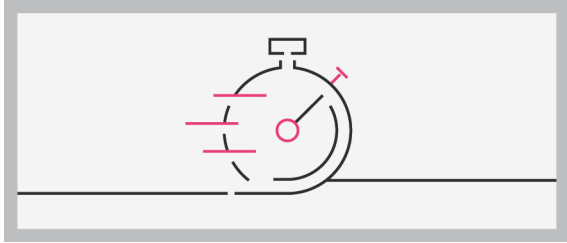
Once capacity is exhausted, failure accelerates. Decision cycles slow. Bottlenecks proliferate. The centre begins to ration attention because it has more obligations than it can meet. Frontline teams lose confidence and develop local workarounds, further undermining the coherence that centralisation was meant to create.

Diagnostic questions
Have we clearly defined the boundaries of centres’ responsibilities relative to local autonomy?

Have the **Enable** activities (governance design, skills, roles) been sized, resourced and planned to match the decision rights and compliance duties we’re giving the centre?

Are change management processes clear?

7. The time horizon



The time horizon problem arises because portfolio initiatives move on slower cycles than the environments they inhabit. By the time consultation, design, assurance, procurement, and mobilisation are complete, the conditions that originally justified the programme may have shifted significantly.

This creates two compounding risks.

First, inflexibility. Early decisions become locked into systems, templates, platforms, and contracts that are difficult to change. What looked sensible in year one can be misaligned by year five but sunk costs and institutional commitments make adjusting course expensive or politically unattractive.

Second, magnification. A portfolio is a multiplier. When a common solution is misjudged, the error is not localised. It is replicated across multiple projects and sites. A single flawed assumption becomes an enduring constraint.

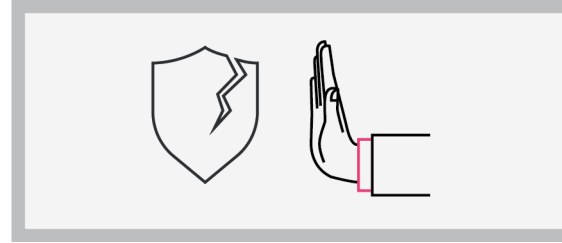
Long-horizon centralisation is particularly exposed to policy changes, market shifts, demographic pressures, technological evolution, and operational realities that only become visible during delivery. The system does not merely lag; it calcifies. Understanding the horizon on a platform and its likelihood for evolution is key.

Diagnostic questions

Have we assessed the rate of change for our common candidates, and can they realistically have kept current - or are we locking long-life common platforms into areas where requirements, technology, or policy are evolving quickly?

Have we established clear processes for continuous improvement and separately, innovation.

8. The “legitimacy problem”



The legitimacy problem appears when those asked to live with a system no longer believe it serves them. Portfolio efficiency programmes are usually conceived at the centre and applied to others. Unless they are co-designed with deep stakeholder involvement, they risk starting with a legitimacy deficit. People experience change as something being done to them, not with them.

That makes engagement an uphill battle from the outset. Delivery teams are asked to adopt new structures, processes, or platforms they did not design. When early delivery falls short of expectations, legitimacy erodes further. Stakeholders experience friction where improvement was promised. Teams feel constrained rather than supported.

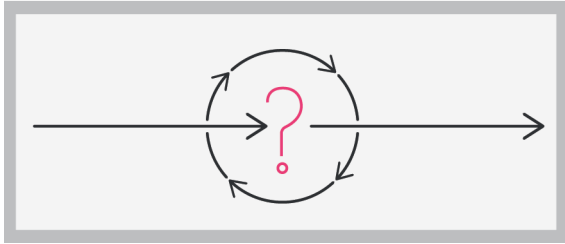
The erosion begins quietly: local workarounds, informal practice, performative compliance. Engagement shifts from genuine to reluctant. Local government shared services initiatives in the 2000s are illustrative. Launched to deliver economies of scale in back-office functions, many were unwound within a decade as councils withdrew, citing poor service quality, lack of responsiveness, and hidden costs.

Once legitimacy collapses, technical arguments lose their power to persuade. The damage is to social capital - the trust and goodwill required for collective action. When stakeholders no longer believe a programme serves them, rational analysis of its efficiency or soundness becomes irrelevant. Even well-designed systems fail - not through structural flaws, but through passive resistance and disengagement.

Diagnostic questions:

Have we treated stakeholder alignment and culture as core design work, co-creating the portfolio approach with those affected, or are we effectively doing efficiency “to” people and relying on communications to win them back later?

9. The failure-to-learn cycle - the system forgets



There is an irony that portfolio efficiency initiatives, intended to mitigate learning curves, often start afresh without reference to what has gone before.

The failure-to-learn cycle is possibly the most dispiriting pitfall because it ensures all the others will recur. Instead of accumulating insight, central reforms repeatedly erase it. Each new initiative begins with the confidence of novelty, even when it repeats assumptions and structures that have failed before.

Reorganisations play a central role in this amnesia. New bodies replace old ones; teams are disbanded or merged. Senior leaders move on. Institutional memory is dispersed through staff turnover, consultancy churn, and political reshuffles. Lessons are not lost because they are obscure. They are lost because the people who learned them are no longer present.

The Ministry of Defence offers a clear example. Procurement reform initiatives - Smart Acquisition, the Defence Industrial Strategy, the Levene reforms, the Single Source Regulations Office - each promised to correct the failures of their predecessors. Yet many of the same problems persist.

The NHS has undergone major reorganisations in 1974, 1982, 1990, 2001, 2012, 2022, and beyond. Each reform was launched to fix the shortcomings of the last. Each created new structures that, as the Nuffield Trust has observed, proved poorly suited to some places and tasks, seeding the case for the next reorganisation.

The cycle is self-sustaining because memory is not.

Diagnostic questions:

Have we checked ourselves against this framework?

Have we systematically examined previous portfolio initiatives, in ourselves and others' and built those lessons into the design?

Does our Improve stage genuinely feed performance data and lessons back into the next Assess and Plan cycles?

DIAGNOSTIC QUESTIONS

1. Do we genuinely have a portfolio and is a portfolio-efficiency programme the right intervention?

Do we have a genuinely repeatable pipeline (asset type, scale, timing), or just a long tail of one-offs?

Have we ruled out simpler options (process improvement, better governance) before reaching for portfolio efficiency?

2. Do we have a real mandate for portfolio-level trade-offs?

Are SROs, sponsors and project leads prepared to trade local control when it matters?

What happens when the first project pushes back?

3. Do we know what we're optimising and what we'll sacrifice?

What are the priority drivers in rank order; what will we optimise and what have we explicitly deprioritised?

Do we know how we'll handle conflicts – e.g. speed vs. standardisation, local preference vs. whole-system efficiency?

4. Have we understood variability, capability and where commonality is legitimate?

Have we assessed demand, variability and organisational capability using real data?

Do we have a Commonality Plan that distinguishes local need, and draws explicit boundaries between common and local?

5. Is the investment case honest about costs, risks and optimism bias?

Does the business case recognise the costs of governance, coordination, common asset development and change management and still show net portfolio value?

Have we stress-tested the returns with the market, against optimism bias and benchmarked it against similar programmes?

6. Are accountability and governance – including stop/go – clear?

Is there an SRO with realistic tenure and authority?

Have we defined the conditions for stopping, shrinking or re-scoping the portfolio and who can pull the trigger?

Is it clear who owns the strategy and where central control ends and project autonomy begins?

7. Can centre carry what it has taken on?

Is the centre resourced to do what we're asking it to do?

Are our consultants/suppliers appointed and incentivised to use and improve common assets?

Do funding, procurement, commercial and performance models reward inter-project collaboration and common solutions?

8. Are we building the right common assets, in the right domains, in the right way?

For each domain, have we decided what is standard and what stays flexible - and checked this is feasible, and acceptable to the market?

Are we locking in standards where requirements change quickly?

Is there a staged roadmap rather than a single big-bang rollout?

Are change management responsibilities, routes and resources clearly defined?

9. Have we genuinely co-designed this with stakeholders and the market?

Have we engaged our stakeholders and have we adapted our approach to reflect their feedback?

Can SMEs and specialists still compete, or does our model lock in major players and incumbents?

10. Does the programme have a real learning and legitimacy loop?

What have we learned from similar programmes that failed, and how has that shaped our design?

How do live insights and lessons learned back feed into the plan, strategy and governance?

How will we know if this stops working for stakeholders and are we prepared to change if it doesn't?

Is there a route for innovations to become common assets, not just pilots on the margins?

11. Are we actively using the Portfolio Efficiency Framework or just citing it?

Have we walked through each PEF stage and reviewed what is being done now, what is sequenced later, and what is consciously not being done (with rationale)?

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