

Report Title: **Programme Highlight Report July 2006**

 Forward Plan reference number (if applicable): **[add reference]**

 Report of: **The Chief Executive**

 Wards(s) affected: **All**

 Report for: **Non-Key Decision**

### 1. Purpose

1.1 To provide highlight reports for all the Council's corporately significant projects, covering the period up to the end of July 2006.

### 2. Introduction by Executive Member (if necessary)

2.1 Following the Audit Commission review of project management, members expressed concern about the need to strengthen programme and project management processes.

2.2 The Council's response to the Audit Commission recommendations was presented to the Executive on 21 February. One of the key actions agreed by members was that the programme highlight report, which contains progress reports and management summaries of key Council projects, should be reported to the Executive each month.

2.3 Accordingly, this report sets out the highlight report for projects that report to the programme up to the end of July 2006. The detailed programme report is shown in appendix 1, with the main highlights shown in the covering report on an exception basis.

### 3. Recommendations

3.1 To note the report.

 Report Authorised by: **Dr Ita O'Donovan, Chief Executive**

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#### **4. Director of Finance Comments**

4.1 The Director of Finance has been consulted on this report and comments are as follows:

- Regeneration – Tottenham High Road - £1.6m of resources is still unallocated to specific projects and the majority of external funding is time limited to the end of March 2007. Reserve projects have been identified with a total estimated project value of £1.13m leaving a shortfall of approximately £530k. The delivery of the programme will need to be closely monitored;
- Primary Schools – Due to concerns about the current programme and finances, Primary Schools Capital Projects will be the subject of a separate report to CEMB in September / October advising on a revised three-year capital programme for the Children's Service.
- Children's Centres – further work is required to ensure the detailed spending plan for delivery of the new centres can be funded within the budget available and in the year the funding is available;
- Updated spending plans for both Primary Schools and Children's Centres will be the subject of particular scrutiny when presented to the project board as part of next month's highlight report;
- Procurement – this project has a target of £2m of savings, equally split over 2005/06 and 2006/07. Only £1.2m has been identified with projects implemented, so there will be a shortfall of £0.8m against the target in 2006/07. This has been reported to the Executive within the budget monitoring report.

#### **5. Head of Legal Services Comments**

5.1 There are no specific legal implications to comment on in this report.

#### **6. Local Government (Access to Information) Act 1985**

6.1 Report to Executive on 21 February: Programme and Project Management – Response to the Audit Commission Review of Project Management.

6.2 Detailed project highlight reports.

#### **7. Strategic Implications**

- 7.1 The programme is the vehicle for the Council to deliver corporately significant projects and projects that are key political priorities. It underpins the Council's corporate planning process, ensuring that the projects we undertake reflect and help to deliver Community Strategy and corporate priorities.

- 7.2 This report provides an opportunity to monitor, challenge and support the Council's key projects to ensure that they finish on time, to budget and deliver the outcomes for the community.

## **8. Financial Implications**

- 8.1 A key driver in developing the programme structure has been to improve financial oversight of the Council's key corporate projects. Accordingly, projects are required to report detailed financial information in their project highlight reports each month and a budget summary for each project is shown in Appendix A 'Programme Highlight Report'.
- 8.2 Key areas of financial concern this month are reported in the Director of Finance comments.

## **9. Legal Implications**

- 9.1 There are no legal implications

## **10. Equalities Implications**

- 10.1 This report deals with the way that we manage projects many of which have an impact on different sections of our community. Improved management of these projects will therefore improve the services we provide to all sections of our community.
- 10.2 Specifically, the Business Intelligence project aims, amongst other areas, to capture information on equalities through robust contract monitoring.
- 10.3 The Equal Pay Review is a crucial element towards the Council achieving levels 3 and 4 of the Equalities Standard for Local Government by March 2007.

## **11. Background**

- 11.1 The programme highlight shown in Appendix 1 provides details of all the Council's corporately significant internal and external projects that report through the Council's programme structure. The information in the report is taken from detailed project highlight reports for each project that have been agreed by the respective Project Boards. Due to the reporting cycle, there is a time lag in the information presented and this report shows projects' status at 31 July 2006.
- 11.2 For each project, there is a management summary that sets out progress over the reporting period. A traffic lights system, like the one used in the Finance and Performance report, shows the project status against key indicators, including:

- Overall Status
- Status last month
- Timescales
- Budget
- Resources
- Issues
- Risks

11.3 The traffic light annotation is used as follows:

- **Green Status:** Project progressing to plan and scheduled to deliver on, or ahead of, time. All risks and issues under control and none outstanding requiring Executive/Senior Management attention. Committed costs on track and within sanctioned budget
- **Amber status:** Project is progressing but subject to small delays. Issues outstanding which could pose significant threat to the Project. There may be a budget variance but it is less than £25,000.
- **Red status:** Project progress is well off track and implementation date will be delayed. There are major issues/risks which pose immediate threat to the project. The project has stalled because of lack of project resources and / or there is a budget variance in excess of £25,000.

## 12. Exception Report

12.1 In addition to the management summaries provided for each project in appendix 1, key highlights from the programme are shown below on an exception basis.

### 12.2 Regeneration Stream Board

#### 12.3.1 Tottenham High Road

12.3.2 £1.6m of resources is still unallocated to specific projects and the majority of external funding is time limited to the end of March 2007. Reserve projects have been identified with a total estimated project value of £1.13m leaving a shortfall of approximately £530,000. The delivery of the programme will need to be closely monitored to ensure that this funding is not lost.

### 12.4 Safer Communities Stream Board

12.4.1 The stream board is in the process of identifying projects that should report through the programme. Once these projects have been identified and scoped they will be reported in the programme report.

## **12.5 Children and Young People Stream Board**

### **12.5.1 Primary Schools Capital Projects**

12.5.2 Due to concerns about current programme and finances The Primary Schools Capital Projects will be subject to a separate report to CEMB in September / October advising on a revised three-year capital programme for the Children's Service. Updated cost plans will be presented to the project board as part of next months highlight report. Further details are provided below.

12.5.3 Coldfall Expansion: There are anticipated increases to construction costs for items not identified on drawings, items not sufficiently measured, items for unforeseen works and additional design fees. The construction cost increase was reported by the project cost consultant to the project core group on 25th July 2006. The increased cost for construction and design have yet to be agreed and are presently being investigated. The total estimated value of these projected variances (including additional design costs) is £450,000.

12.5.4 Tetherdown: Phase I works are approx £150k above pre-tender estimate. The Phase II works have not yet been designed but will need to reduce in scale to stay within overall budget.

12.5.5 Broadwater: The Broadwater Farm project has been delayed by the decision to phase both Targeted Capital Fund projects with the secondary scheme at White Hart Lane. The White Hart Lane scheme has been now subsumed into the Building Schools for the Future plan for the whole White Hart Lane campus.

12.5.6 The budget for the year was estimated in October 2005-06. To date there is no sketch design to base accurate costs on however project progress is slipping and projected expenditure is estimated at a reduced amount (£500k), mainly fees only in the current year. There will be no main contractor works during the current financial year.

### **12.5.7 Children's Centres**

12.5.8 Risks are showing red status this month owing to two concerns. Firstly whether there is sufficient capital to develop all eight new centres. The suitability assessments suggest that this should be achievable and will now be tested through feasibility studies.

12.5.9 The second risk relates to the spend profile against funding profile and concerns whether we can achieve sufficient spend this year. This will be addressed in negotiations with the Sure Start Unit and fed back to the Children and Young People Stream. Board.

## **12.6 Better Haringey Stream Board**

12.6.1 There are no exception reports for the Better Haringey Stream Board.

## **12.7 Well Being Stream Board**

12.7.1 Community Care Strategy – The Red House

12.7.2 The contractor has been unable to meet the original completion date of 11<sup>th</sup> August for the Red House refurbishment and has stated that the revised completion date will be 25<sup>th</sup> August 2006.

12.7.3 The programme to meet this later date has been scrutinised and it is considered by the design team that it is over optimistic considering labour levels and the sequencing of work on site. The design team believe that contract completion will not be achieved until the 22<sup>nd</sup> September.

## **12.8 Housing Stream Board**

12.8.1 Repairs Procurement

12.8.2 The overall traffic light status has stayed Green, although the timescale status is showing as Red. This is because the indicative timetable included in the original project initiation document expected that the OJEU Notice and advert would be placed in May but has been revised to August.

12.8.3 The indicative timetable was contingent on putting in place technical consultants to inform Best Practise in the Repairs and Maintenance service. Consultants have now been identified and a scoping day took place on July 27<sup>th</sup> to develop a new draft project plan. This timetable now needs to be agreed by the project team and will be included in next month's highlight report for formal sign off.

12.7.4 Empty Property

12.7.5 The overall turnaround figure is rising as there is a substantial backlog of properties that have been void for a considerable length of time.

12.7.6 Work has been completed this month to model future performance and assess ability to meet the 27 day turnaround target. From this, it is clear that this target will not be met for the full year and that urgent action is needed in the next 3 months to ensure that the backlog of outstanding voids is cleared and the target is being met for new voids when Home Connections is introduced from 1 November 2006.

12.7.7 Some key milestones have been missed:

- Accompanied viewings of void properties were due to be introduced in Lettings on 1 June. Due to resource problems in the Lettings team this has not been implemented. Additional resources for the Lettings team have been agreed to resolve this problem.
- Implementing performance management within Voids Team has been delayed from 30 June to 30 August. A new Crystal report is now being rolled out.

12.7.8 The urgent action for the coming months includes:

- Reviewing and correcting the ready for let dates of 32 voids that were let in July with void periods in excess of 50 days.
- Reviewing and correcting/amending the ready for let dates of 20 current voids with void periods in excess of 100 days.

12.7.9 Lettings and Allocations

12.7.10 Revised and challenging timescales for consultation with prospective tenants on the existing housing register were agreed by the Housing Improvement Partnership Board on 2 August 2006 in order to meet the requirement to gain Executive approval for the Lettings Policy and Pointing Scheme on 12 September 2006.

12.7.11 As reported last month, the Housing Register Re-Registration exercise has been delayed by approximately 2 months due to decision to use electronic data capture mechanisms. The Housing Partnership Board has now agreed that the exercise will start on 21 August and be completed by October.

12.7.12 Lettings performance has been considered unsatisfactory. The Housing Improvement Partnership Board on 2 August 2006 approved funding for four temporary posts to reduce the backlog, produce a step change in performance and to carry out accompanied viewings. Productivity of existing staff is being reviewed. Additional internal management support and controls introduced.

12.7.13 A temporary lettings manager has been appointed to release existing staff to progress work on Home Connections.

## **12.8 People Stream Board**

12.8.1 There are no exception reports for the People Stream Board.

## **12.9 Value for Money Stream Board**

12.9.1 Procurement Programme

12.9.2 The 2005-7 efficiency target for the Procurement Programme is set at £2 million cashable savings. In 2005/6, £200,000 was achieved

through the procurement of Insurance and in 2006/7 £800,000 should accrue from the Agency Resource Centre.

- 12.9.3 The Agency Resource Centre is now in place. There have been initial difficulties with the submission of invoices to the Council and we are reviewing the management information reports on agency staff commitments to assess whether the savings are on target. There may be a slight shortfall as the contract didn't start until the latter part of May.
- 12.9.4 The remaining £1 million should be addressed through new projects that will be submitted to the Value for Money Board for approval. These are: Transport Services, Temporary Accommodation, Marketing & Communications and Training Consultants. There is a pressure to conduct these reviews quickly so that any new arrangements can be implemented in this financial year to accrue the necessary efficiency savings.
- 12.9.5 However, there are significant concerns over ownership of individual projects that have been identified to deliver efficiency savings. This is having an adverse effect on the ability of the Procurement Programme to deliver its savings targets. The need for delivery of individual projects has been reinforced through Management Board.
- 12.9.6 All current projects are not due to deliver until the last quarter of 2006-07 or the first quarter of 2007-08. Given that these projects are at the project initiation stage, the £1 million savings target for 2006/7 is at risk. New areas for efficiencies need to be examined by Directors and the results will be passed to Procurement Project Board and Value for Money Stream Board.
- 12.9.7 It was agreed at the August VFM stream board that a paper will be presented to the September meeting and CEMB setting out options to deal with the issues identified in this report.
- 12.9.8 Transactional Efficiency Project
- 12.9.9 There have been some technical problems with the extraction of data out of the SAP system into the Business Intelligence system, which is currently being investigated.
- 12.9.10 Due to the technical difficulty with data extraction, the scheduled go-live of 1 August was not achieved. These issues are being investigated by SAP and a new go-live date will be confirmed shortly.
- 12.9.11 The revised approach uses up all of the allocated development days. Additional resource will be needed to complete Phase 2 but this will be mitigated by the knowledge and skills gained by internal resources who should be able to take on the work required. As such it is not anticipated that this will impact on the budget for BI.



## **12.10 Customer Focus Stream Board**

12.10.1 There are no exception reports for the Customer Focus Stream Board.

## **13. Use of Appendices / Tables / Photographs**

13.1 Appendix 1: Programme Highlight Report