

Report Title: **Programme Highlight Report December 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 December 2006.

2. Introduction by Executive Member

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 December 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**

Contact Officer: **Lauren Watson, Policy & Performance**
Tel: 020 8489 2514

4. Director of Finance Comments

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

- Primary Schools – the concerns surrounding the current programme and finances have been considered in detail and the updated position presented within the overall capital programme for the Council. The programme is part of the financial planning report approved by the Executive on the 23rd January.
- Children's Centres – the 2005-06 phase 1 overspend will be contained within the overall 2006-07 Children and Young People's Service Capital Programme. Phase 2 is being further considered in the light of experience from Phase 1 and an updated revised detailed programme for Phase 2 will be produced before the start of the 2007-08 financial year.
- Procurement – this project has a target of £2m of savings, equally split over 2005/06 and 2006/07. Only £0.2m was achieved in 2005/06 with the remaining £0.8m rolled into 2006/07 to create a revised 06/07 figure of £1.8m. Of this, £0.8m is forecast to be achieved by the end of the current year. Approval to re-phase the remaining £1m across 2007/08 & 2008/09 has been given in the 2007/08 budget process with a review of further potential projects underway jointly with directorates via the Procurement Stream Board. The revised target is now significantly more likely to be achieved.

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 1 'Programme Highlight Report'.

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 December 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, or 5% of the total budget, whichever is the more appropriate.
- **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, or 5% of the total budget, whichever is the more appropriate.

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

12.2.1 Growth Area Funds / Community Infrastructure Funds – Relocation of the Mortuary

12.2.2 As previously reported, it was agreed to place operational parts of the mortuary in an extension underground. The planning application for this was submitted on 15th January 2007.

12.2.3 The project will be split into two phases:

- **Phase 1:** Refurbishment of the existing lodge building.
- **Phase 2:** Construction of the underground mortuary and provide a link to the main building.

12.2.4 It is expected that, because of the underground works and the additional works to the existing building and landscape, the project costs will exceed the £1.5m GAF funding. It is expected that the increased costs of the prudential borrowing necessary to raise the additional capital will be met through increased income.

12.2.5 GOL were briefed by the Development Team before Christmas and a positive and speedy response is expected. A Planning Forum is expected to be arranged for the week commencing 29th January and, although the timescales are tight, it is hoped that plans will be presented to the Planning Committee at the end of February 2007.

12.3 Children and Young People Stream Board

12.3.1 Primary Schools Capital Projects

12.3.1.1 The Department for Education and Skills has advised that the funding arrangements for 2008/09 and beyond will not be known until after the Comprehensive Spending Review in 2007. However, the government has announced that capital investment in schools will increase. Formulaic funding is based on pupil number projections, which remain high. Similar projections in recent years have resulted in over £7m per year for basic need formulaic funding, plus funding for modernisation and access. A prudent estimate of future funding allocations of £5m has been included within the programme which will be updated when actual allocations are known.

12.3.1.2 There are three major projects already approved that form the primary expansion programme and are included in the capital programme. In two of those schemes there are significant cost variations from the approved budget as follows:

Project	Budget (April 2005 Executive) £m	Budget Revisions (January 2006) £m	Revised Budget £m	Forecast Total Spend £m	Variance £m
Coldfall	3.75	0.80	4.55	5.50	0.95
Coleridge	5.50	0	5.50	6.50	1.00
Tetherdown	5.50	0.40	5.90	5.80	-0.10

12.3.1.3 Coldfall

The project is now completed, but the final account is still under discussion between council officers, our cost consultants and the main contractor. There are also unresolved concerns about fees charged by the design team. Additional costs and fees have been incurred due to additional works, compliance with planning conditions and an outstanding classroom fit-out. The forecast total spend is a worse-case estimate. The additional overspend will be met through re-phasing of the formulaic funding in future years and has the effect of reducing the amount available for other projects.

12.3.1.4 Tetherdown

Phase 1 (new build) is progressing to the revised timetable. Phase 2 (refurbishment and adaptation of current accommodation) is pre-tender and current forecasts suggest this project will come in within budget.

12.3.1.5 Coleridge

Invitations to tender were scheduled for the first stage of a two stage procurement process on 12 January 2007 from five contractors from the Council's framework agreement. Return of the tenders is due on 2 February 2007. These will provide overheads and profits percentages based upon a cost model prepared by the consultant quantity surveyor.

Following evaluation of tenders and subject to planning approval, a single construction partner will be recommended to procurement committee. With this partner the second stage of the tendering process will be progressed. This will include the contractor inviting sub contract tenders for all pre agreed packages of works. The sub contract tender returns will be evaluated and measured against the cost model leading to commercial certainty, and the agreement of a lump sum contract with the main contractor in June 2007.

The estimate shown is a prudent assumption given the need to comply with planning conditions and the likely need for additional works on the TUC site.

12.3.1.6 Programme contingency

The programme from 2008/09 onwards now includes a programme contingency, in recognition of the inherent unpredictability of construction costs, given the impact of the Olympics and the Mayor's housing targets. Arrangements for 'gatekeeping' this contingency will be developed with the Acting Director of Finance.

Detailed consideration is being given to how the variances shown in the table above will be managed. The current assumption is that the general schools modernisation and maintenance programmes will have to be significantly reduced, which may cause some difficulties. This can be reviewed in later in 2007 if the announcement of future year's funding is above current assumptions.

12.4 Children's Centres

12.4.1 The Children's Centres project has completed Phase 1 and has overspent by £928k. This overspend will be funded from various sources, including revenue contributions, from within the Children and Young People's Service overall 2006-07 budget.

12.4.2 It is likely most of the new centres will be refurbishment of surplus space so will be less expensive than new build however this assumption needs to be tested.

12.4.3 The main risk continues to be our ability to deliver all 8 new centres within the Phase II funding envelope: discussions with the SureStart Unit are ongoing. The Children's Centres have to develop a wide range of services across broad areas, which require flexible accommodation.

12.4.4 The Terms and Conditions of the Capital funding state that the Children's Centres must be developed in the 20% of most deprived wards and 30% of the Super Output Areas. In some areas there is difficulty in identifying potential accommodation that would satisfy these criteria. A range of stakeholders are being contacted to identify other possible premises. Alternatively accommodation could be identified on the perimeter of a ward but this is not our preferred option.

12.5 Better Haringey Stream Board

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

12.6 Well Being Stream Board

12.6.1 Community Care Strategy: Osborne Grove

12.6.2 The Contractor is reporting an eleven-week delay on this project due to a number of reasons including:

- Delay to boundary wall agreement, leading to delayed site sitting out commencement.
- Wet summer during groundwork's phase of contract.
- Prolonged period of design co-ordination to main roof structure, leading to delay of roofing components to site.
- Changes to layout of internal dry lined walls, connected to hoist co-ordination and the gaining of extra usable space within smaller bedrooms.

12.6.3 The project is currently expected to be completed on the 28th May 2007. The contractor maintains his intent to submit an extension of time claim, but none has yet been received.

12.6.4 The Contract Administrator (CA) will investigate the extension of time claim from the Contractor once submitted. Considering the factors above it is not likely that the Contractor will be able to justify delays as entirely out of his control and obtain CA approval for 11 weeks extension with preliminaries (£3,500 per week).

12.6.5 Security for the unoccupied completed site has been calculated to cost between £1.5k and £1.8k a week. The budget for security was set aside anticipating a 4-6 week interval from the completion of the home to operational readiness. Discussions at Director level that will confirm the operational use of the home are ongoing: recruitment is delayed as use will affect job descriptions.

12.6.6 Any extension of time which does not qualify for preliminaries is therefore in the Capital budget's favour, it also means that any extension in time with preliminaries is partially countered by the £1,800 LBH would have spent on security.

12.7 Housing Stream Board

12.7.1 Repairs Procurement

12.7.2 Much of the data required for tender is still outstanding. All outstanding information will need to be issued to Ridge on or before 8/02/2007.

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 As previously reported, there are concerns about achieving the £2m savings target.

12.9.3 £0.2m of this target was achieved in 2005/06 with the remaining £0.8m rolled into 2006/07 to create a revised 06/07 figure of £1.8m. Of this, £0.8m is forecast to be achieved by the end of the current year. Approval to re-phase the remaining £1m across 2007/08 & 2008/09 has been given in the 2007/08 budget process with a review of further potential projects.

12.9.4 CEMB agreed on the 5th December to a shared ownership of the corporate savings target and to the following proposed projects/savings to help deliver an estimated £521k potential savings:

- Transport Services (Tender preparation stage)
- Learning & Development (PID stage)
- Print & Design (ongoing)
- FM contracts (PID stage)
- Postal Services (Business Case stage)
- Routine procurements (ongoing)

12.10 Customer Focus Stream Board

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

13. Use of Appendices

13.1 Appendix 1: Programme Highlight Report