

Report Title: **Programme Highlight Report January 2007**

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 January 2007.

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 2006. 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 January 2007. The detailed programme report is shown in appendix 1, with the main highlights shown in the covering report on an exception basis. The covering report endeavours to present a more updated position based on exception information from the February reporting period.

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.
- Equal Pay – Work is progressing on the local negotiations for 'single status' pay arrangements review (incorporating former manual staff) by April 2007 and a base budget contingency sum was provided; there may be significant costs arising from backdated payments and these will need to be contained within either unsupported capitalisation (subject to government approval) and the subsequent additional revenue costs and or the risk reserve.

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 January 2007.

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 Tottenham High Road Strategy

12.2.2 Confirmation has been received from Government Office for London (GoL) and The London Development Agency (LDA) for an extension of the grant funding deadline to June 2007. The amount authorised by the LDA for carry over is however lower than that now required for construction costs for the Stoneleigh Road and Rangemoor Road projects. The estimated funding gap is £100k.

- 12.2.3 Neighbourhood Management is in discussion with the LDA regarding a further carry over or provision of fresh funds to meet the £100k shortfall. Neighbourhood Management has identified £80k revenue carry over to partially cover this potential risk.
- 12.2.4 Growth Area Funds / Community Infrastructure Funds – Relocation of the Mortuary
- 12.2.5 It has been agreed to split this project into two phases:
- **Phase 1:** Refurbishment of the existing lodge building.
 - **Phase 2:** Construction of the underground mortuary with provision of a link to the main building and landscaping.
- 12.2.6 The Council has obtained GAF funding of £1.5m for this project allocated over 2 financial years, 2006/07 and 2007/08. The original plan was to fund the cost of the new mortuary within this sum. However, planning restrictions and other problems raised by the feasibility report caused great difficulty in terms of fitting the new mortuary to the existing footprint of the lodge.
- 12.2.7 The solution agreed is to place the operational parts of the mortuary underground. This has led to an increase in the costs of the project.
- 12.2.8 The latest estimate of the costs for the revised scheme is £2.38m including fees. A full update on costs and funding was reported to EAB on the 1st March 2007. This outlined the proposed funding to meet this cost as follows:
- | | |
|-------------------------------|--------------|
| | £000 |
| GAF funds | 1,500 |
| Prudential Borrowing | 500 |
| Capital/Revenue - Environment | <u>380</u> |
| Total | <u>2,380</u> |
- 12.2.9 The planning application was submitted on the 15th January 2007 and the Development Control Forum was arranged for the 1st February 2007. It is expected that it will then be reported to the Planning Committee on the 26th March 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 Variations to the budgets for Coldfall and Coleridge were agreed by the January Executive. Planning approval has been gained for the Coleridge Primary expansion project and the first stage of the construction procurement is in train. The progress of all other works within the primary school estate is broadly in line with projections for 2006/7. The programme for delivering the new school places is proceeding broadly to programme.

12.3.1.3 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.

12.4 Children's Centres

12.4.1 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.

12.4.2 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.

12.4.3 All projects have been identified and, with the exception of Bounds Green Children's Centre, all the projects within the programme are projected to be completed by March 2008 as per the funding target milestone.

12.4.4 The projected expenditure for this financial year is £2,495k, which is £59k below our target of £2,554k. We have notified the Sure Start Unit about the projected under spend and are awaiting feedback on our initial report, though the area programme manager has indicated that Haringey is performing well and anticipates Sure Start agreement to the proposed re-profiling of the yearly expenditure. Once this re-profiling is agreed 'budget' can return to 'green'.

12.5 Children's Networks

12.5.1 The Children's Networks do not manage a specific budget but draw on and influence the work of a number of service teams who have their own set budgets and budgetary control systems in place. However, the sum of £700K, earmarked within the Schools Budget and funded by the Dedicated Schools Grant (DSG) is available for allocation to each NLC for early intervention work around the ECM agenda. It is forecast that the £700k will not be fully spent this year and the balance will be carried forward as required by the rules surrounding the use of the DSG, and following consultation with the Schools Forum, to be fully spent in 2007 / 08. The funding will be used in the way originally approved and intended.

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: Osborne Grove

12.7.2 The Contractor is reporting an eleven-week delay on this project due to a number of reasons: current expected completion date is 28th May 2007. The contractor maintains his intent to submit an extension of time claim, but none has yet been received.

12.7.3 An extension of time which does not qualify for preliminaries (£3.5k per week) is in the Capital budget's favour, as security for the unoccupied completed site is estimated at between £1.5k and £1.8k. Any associated cost of delay can be managed within the Community Care Strategy Programme Budget.

12.7.4 The decision to operate Osborne Grove as a nursing home represents an exciting opportunity for LBH who have never before managed an in-borough nursing care facility. It also brings with it a new lead time for staff employment and CSCI registration. These processes can be started while the building is being structurally completed, thus mitigating previous timescale concerns.

12.8 Housing Stream Board

12.8.1 Adaptations

12.8.2 Anticipated high demand for this service leaves budgets stretched and the excellent performance in regards to clearing waiting times for delivery cannot be sustained in the next financial year given present levels of funding.

12.8.3 A priority system has been devised to ensure performance timescales are met for those most in need and work is being undertaken to look at future management arrangements of this service.

12.9 People Stream Board

12.9.1 Equal Pay Review.

12.9.2 Following the initial meeting to discuss the proposal with Trade Union Representatives, negotiations are required to be extended beyond the original target date. This is due to the contentious nature of some of the issues in the proposal and the increased length of time needed for negotiations required to reach agreement on these issues. At this stage the extension of timescales are not anticipated to have a negative impact on the project budget.

12.10 Value for Money Stream Board

12.10.1 Transactional Efficiency – Contract Management System

12.10.2 The Contract Management System successfully went live on the 20th February 2007.

12.11 Customer Focus Stream Board

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

13. Use of Appendices

13.1 Appendix 1: Programme Highlight Report