



Haringey Council

Agenda item:

**For The Cabinet**

**On July 17<sup>th</sup> 2007**

Report Title: **Programme Highlight Report End May 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 May 2007.

### **2. Introduction by Cabinet 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 Cabinet 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 Cabinet each month.
- 2.3 Accordingly, this report sets out the highlight report for projects that report to the programme up to the end of May 2007.
- 2.4 This month the style of reporting has been changed to give a clearer overview of the projects within the Programme: RAG status and financial information is presented in a dashboard style, see Appendix 1. Furthermore, the finance figures within the report are now aligned with the figures presented in the budget monitoring report. Programme highlights are presented in this covering report on an exception basis. This report also endeavours to present a more updated position based on exception information from the May reporting period.

### **3. Recommendations**

3.1 To note the report.

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

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

- The Council's performance report for period 2 (May 2007) shows that in 2007/08 the capital budget is projected to be in balance and the revenue budget is projected to overspend by £0.2m. The projects that are included in this programme highlight report mainly represent part of the capital budget and also some of the revenue budget so will not fully agree with the position reported in the performance report in total. The overall position reported in this programme highlight report is a projected overspend of £77k.
- Children's Centres – phase 2 is still under consideration and is the subject of a separate report to Cabinet which outlines a review of business plans, the ongoing sustainability of the phase 2 centres and the risk of a shortfall of revenue grant funding from 2008/09. Any shortfall, however, will be the first call on the Children and Young People's Service revenue budget for 2008/09.
- Primary Schools Capital Programme – the 2006/07 year-end scheme variances (as outlined in the Outturn report) will need to be managed in 2007/08, which will result in a request to Cabinet to re-profile the programme.
- Equal pay - work is progressing on the local negotiations for 'single status' pay arrangements review (incorporating former manual staff): a Pay and Conditions Proposal has been submitted to Union representatives in accordance with the terms of the NJC for Local Authorities agreement and a base budget contingency sum has been provided. The significant costs arising from backdated or compensation payments will be contained within either unsupported capitalisation (subject to Government approval) and/or the Council's reserves. A request for capitalisation in 2007/08 has been submitted to DCLG.
- Value for Money – the procurement programme delay in award of contracts puts pressure on the achievement of the target savings. This will be kept under review by the VFM Stream Board.

#### **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 Cabinet 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. It is important that we have undertaken an Equal Pay Audit and have an implementation plan in place to retain our present standard.

## **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 March 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 Cabinet/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 could 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 5% of the total budget.

## 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 The budget rating is unchanged from last month at 'AMBER'. This is because:

- there is a small amount of ERDF grant unallocated (approx £50k) at present and some match funding is required to access this,
- there is a possible shortfall on the outputs for area of space improved, and
- an element of ERDF grant is at risk until GoL formally approves grant for works beyond June 2007.

- 12.2.3 In order to address the unallocated grant and shortfall on outputs the project team have identified two proposed projects at Technopark and the Rangemoor Road industrial estate. The work has already been completed at Technopark and GoL have approved the use of the grant for this. The project team are waiting for confirmation from GoL that this can also be used towards the outputs for space improved. The project team are now working with Corporate Property Services to agree a programme of work at Rangemoore which should use the remainder of the grant and meet the shortfall on areas of space improved. Match funding will be needed for this and the team are working to identify potential sources of funding.
- 12.2.4 Three projects will not complete by the end of June as presently required by the ERDF grant agreement. Haringey will request an extension of the practical completion date to September 2007 and financial completion to December 2007. The fire at Windsor Parade has set that part of the programme back and we are awaiting further information to assess the full effect of this.
- 12.2.5 Growth Area and Community Infrastructure Funds (GAF/CIF)
- 12.2.6 Markfield - Timescales and risks are 'AMBER' as it has been decided to build an extension to the café. Planning permission will be needed for this work: there is a risk that the current timescales will not be met.
- 12.2.7 Mortuary – The Phase Two tenders received on 6th June were approximately £500k above the estimated costs provided by the quantity surveyor. The overall costs for the total project reported in the last highlight report have increased and are currently at an adjusted figure of £3.184 million. The present agreed budget from Cabinet (Executive) is £2.38 million. The work is being re-tendered with the Council's framework contractors, based on the 'value engineered' revised specification, and it is anticipated that the cost will reduce. In addition, once the contractor is selected, 'Agreed Maximum Price' build up will occur. We anticipate further cost reductions here.
- 12.2.8 The present agreed funding from the Growth Area Fund award is £1.5m . Further discussions with GoL and the Department Of Communities and Local Government ( DCLG ) will be held to seek further funding due to the complex development of this project. These discussions will look to determine whether additional funding can be made, perhaps as a result of schemes that have not achieved full spend. The aim is to fund the additional costs over the agreed budget of £2.38m from external sources.
- 12.2.9 The latest project plan indicates final completion beyond April 2008, and it is likely to be June 2008. The factors coming into consideration are the particular contractor selected, the time for certain elements to gain strength and structural stability (reinforced concrete and roof slab), and the planning conditions relating to work-times on site. The deadline for spending GAF funding is March 2008. However GAF funding for this project only makes up £1.5m of the total budget,

therefore it is anticipated that all the GAF money will be spent by March 2008, and the rest of the budget will be used for those activities post March 2008. GoL is aware of this situation, however formal agreement has not yet been reached on this. The milestones for the project will need to be reviewed inline with the new timescales.

12.2.10 Greater London Stores (GLS) site – Planning permission for the overall site was granted at Planning Committee on 17<sup>th</sup> May 2007. Timescale is still expressed as AMBER because the project's successful completion is dependent on the podium achieving full planning approval. The podium will go to Committee following the approval of the outline application for the overall site.

12.2.11 Risks and Issues are both AMBER because the site is in private ownership and the contract for the GAF funding is between the Council and CLG. A legal agreement is being negotiated between the Council and the landowner.

12.2.12 Heartlands Spine Road – The total cost of the scheme is estimated at £5.6m and the Council has an approved budget from DCLG of £5m. Discussions have been held with the National Grid that any costs exceeding this will be funded by them as joint applicants for the scheme.

12.2.13 Firm costs will only be available once all the costs, including the decontamination and the gas mains diversions have been developed by end July, but these are subject to re-measure once the works have been completed.

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

#### **12.3.1 Children's Centres**

12.3.2 The review of the financial sustainability of children's centres is making good progress. A report to the Cabinet has been timetabled for July.

12.3.3 The 'AMBER' status for issues and timescale are linked. SureStart Unit target for approval is 4 weeks, but for Seven Sisters Children's Centre it took over 4 months.

#### **12.3.4 Primary Schools Capital Programme**

12.3.5 'AMBER' budget, risk, issue and timescale RAG status are all linked. The contractor delivering the Phase 1 works at Tetherdown has identified a risk to the budget in view of a potential extension of time claim and the outcome of discussions regarding the final cost of the steelwork. Timescales had already slipped due to the redesign of the steelwork, but these factors should not affect the new intake in September 2007.

- 12.3.6 We are presently exploring passing cost to design team and/or re-scoping Phase II (refurbishment of existing building) to stay within budget.
- 12.3.7 The reinstatement work at Crowland is complete and decanting of the temporary school into the refurbished building occurred on 6<sup>th</sup> June 2007.

#### 12.3.8 Youth Service Improvement Project

- 12.3.9 All actions within the post Inspection Action Plan have been completed. We are now systematically assessing the impact and the external health check, which will take place in September, will ratify the improvement journey of the Service. In light of this CYPS Stream Board has agreed to monitor this project by exception i.e. if progress demonstrated in BVPI 221 (Participation in and outcomes from Youth Work) slips.
- 12.3.10 The 'AMBER' RAG status for risk is regards the possibility that we may not hit our target for BVPI 221 this year. Current performance levels suggest that we will hit our target, but until we have confirmed that the target will definitely be exceeded this will report 'AMBER'.

### **12.4 Wellbeing Stream Board**

#### 12.4.1 E-care

- 12.4.2 Budget presently reporting 'AMBER' due to an underspend in 2007/08 as against the budget figures. The budget is based on original projections (made before the project began in 2005) which will be revised and the capital underspend rolled forward from 2006/07 into 2007/08. It is expected that there will be no variance between budget and expenditure across the life of the whole project (3 years).
- 12.4.3 Risks are presently reporting 'AMBER' as the re-organisation of Adult Services could adversely impact the project: it could potentially affect not only the staff using the new E-care system but also the E-care project team. The extent of the potential impact will be clearer next month.
- 12.4.4 There are three main reasons why issues have an 'AMBER' status. These are:
- There is no formal funding in place to meet the costs of the E-care support team from 2007/08 (as bids made through pre-business planning process were rejected). These costs cannot be met by project funding. The Project Sponsor is presently investigating a solution.
  - Some issues have been identified with the current level of functionality supported by the FWI Purchasing (i.e. a mix of application bugs and potential enhancement requests).

Corelogic have been instructed to provide timescales as to when these will be fixed.

- Analysis has revealed that there are some issues around non-use / circumventing of both FWI and FIFI. E-care team will work with Service Managers to draw up Change Impact analysis plans specific to each service now that the TO BE designs have been reviewed. More change management support has been brought in to assist in this work.

## **12.5 Better Haringey Stream Board**

### **12.5.1 Improving Green & Open Spaces**

12.5.2 Sports and Leisure Strategic Renewals - The Council agreed a two-stage procurement process in July 2005, and engaged AYH Plc to project manage the scheme, and the construction contract was awarded to Crispin & Borst. The Council is seeking to agree the Final Account on Stage 1 of this project (New Health and Fitness Suites and Ancillary Facilities), which completed in March 2006.

12.5.3 Crispin & Borst submitted their final account in June 2006, which was significantly higher than the Council's valuation and previously approved budget threshold. The Council, through AYH, has sought to secure settlement, and has been meeting with/ escalated action with Crispin & Borst since October 2006. The matter has also been pursued at Director-level by the Council's Corporate Procurement Unit, with both AYH and Crispin & Borst. Whilst movement has been reached on some issues, and further payment made, agreement has not yet been reached on the final account.

12.5.4 AYH will complete the Final Account Statements, with comments on any remaining disputed items and additional claims, and forward a report to the Council by the end of June 2007.

12.5.5 The Council will review the report and form a view on how to conclude the matter before the end of July 2007, including any additional spend approval.

12.5.6 The Service continues to hold capital budget provision in the Phase 2 2007/8 allocation (£660k), to meet any further increase in cost. The Phase 2 programme will be limited to the Park Road changing room refurbishment (£360k), pending resolution of the above. This project goes to Procurement Committee on 27/6/07.

## **12.6 People Stream Board**

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



## **12.7 Value for Money Stream Board**

### **12.7.1 Procurement Programme**

12.7.2 Timescales and Savings have stayed at AMBER due to the Transport project being subject to a review. This has meant that the award of contracts that should have taken place in April, will now not take place until June 2007 with start dates of September 2007. This gives a six month deficit in savings and an additional expense in the extension of the current contracts including an inflationary increase from April 2007. Actions are being identified to deliver other savings to compensate.

12.7.3 Resources, Issues and Risks are also at AMBER as in some cases there is a lack of resource available to deliver the projects within service departments. This is being addressed with individual service managers.

### **12.7.4 BLT Value for Money Review**

12.7.5 The end date of the project has slipped to June. The Project Board will consider the final report on 14 June 2007: any amendments will be made prior to submission to VFM Stream Board in July. This is delayed to enable information contained in the report to be up-dated where possible and the project board to meet to discuss the final report.

## **13. Use of Appendices**

13.1 Appendix 1: Programme Highlight Report