



Haringey Council

Agenda item:

For The Cabinet		On 2007
Report Title: Programme Highlight Report End July 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 July 2007.		
2. Introduction by Cabinet Member		
2.1 This monthly progress report forms part of Haringey's Project Management Framework. It sets out the highlight report for projects that report to the programme up to the end of July 2007.		
2.2 From October this report will reflect the planned new corporate programme structure with its three programmes of work, 'Achieving Excellence', 'Regeneration' and 'Better Haringey'.		
3. Recommendations		
3.1 To note the report.		
Report Authorised by: Dr Ita O'Donovan, Chief Executive		
Contact Officer:	Katy Johnson, Policy & Performance Tel: 020 8489 4282	
	Susie Owen, Policy & Performance Tel: 020 8489 2514	

4. Acting 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 4 (July 2007) shows that in 2007/08 the capital budget is projected to be broadly in balance. The projects that are included in this programme highlight report substantially, but not completely, represent the capital programme plus some project related revenue budget. This report will not, therefore, fully agree with the position reported in the performance report in total. The overall position reported in this programme highlight report is a net projected overspend of £1.9m, which relates mainly to the Mortuary project and the Estates Improvement project. The Council's performance report assumes that these issues will be resolved.
- Mortuary – the total cost after the tendering process for this project is £3.149m, which is £769k above available funding of £2.38m. . It is proposed to fund part of the overspend from the one-off projected £390k revenue underspend for the Directorate and the balance will be a first call against capital receipts given the high priority of the project.
- Estates Improvement project: resources amounting to £1.2m, the anticipated overspend, have been identified by Homes for Haringey from the HRA.
- Work continues 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 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 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 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
- 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 £50,000, 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 highlights provided for each project in appendix 1, key information about the progress of projects are shown below on an exception basis.

12.2 Regeneration Stream Board

12.2.1 Tottenham High Road Strategy

12.2.2 The overall rating is unchanged from last month at 'AMBER'. This is because:

- There is a small amount of European Regional Development Fund (ERDF) grant unallocated (approx £50k) at present and some match funding is required to access this; and
- There is a possible shortfall on the outputs for area of space improved.

12.2.3 The proposed project at Technopark is ineligible as the original construction received grant funding from the EU and further grant cannot be provided for the same facility for a period of 20 years. A project at Rangemoor Road has been identified, and quotes are expected back by the 25th August. This reduces the shortfall to 400m². The project team is currently investigating options for this.

- 12.2.4 Government Office for London (GoL) have formally approved the grant for works beyond June 2007 and the deadline for practical completion is now September 2007, and December 2007 for financial completion. There is still a risk that the work to take up the additional grant and make up the shortfall on the outputs for space improved will not be completed by the end of September. GoL have verbally confirmed that they would be willing to extend the date for practical completion on these projects to December. The project manager is currently seeking written confirmation of this. All other projects are due to complete by the end of September.
- 12.2.5 Growth Area and Community Infrastructure Funds (GAF/CIF)
- 12.2.6 Markfield - Due to the delay in taking the award of contracts for the Old Moselle Brook, the playground and the café to Procurement Committee the timescales are 'AMBER' as the timetable for the works are currently being revised. It is anticipated that this will return to 'GREEN' next month.
- 12.2.7 Thames Water had previously indicated that their works on the park to reduce the risk of flooding would coincide with the projects. However, we now have indication that Thames Water may wish to schedule their works after ours are completed. This presents a risk to the project as this is unlikely to be acceptable to our funders. The project team is writing to the MD of Thames Water to seek clarification on this issue, and to seek his/her intervention. If appropriate the project team will involve GOL in this negotiation.
- 12.2.8 Mortuary – The latest firm total project costs are £3.149m, which is £769k above the currently approved overall project budget. It is proposed to fund the additional cost from the Directorate's projected underspend of £390k with the balance of £379k being a first call against the corporate capital receipts provision for this and next financial year allowing for projected slippage. This position will be reported to members as part of the budget monitoring report in September.
- 12.2.9 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. The project manager is writing to GoL to inform them of the revised cash flow and timeline for the project, and to request formal approval to for the extension to the project.
- 12.2.10 Hale Village (formerly GLS site) – A revised podium application is anticipated for submission in August. It is anticipated that this will go to Planning Committee in October. The delay is as a result of protracted negotiations with the landowners, the GLA and Commission for Architecture and the Built Environment (CABE). It has impacted on the milestones and timescale for the GAF2 project.

- 12.2.11 The expenditure can still be achieved within the timescale, as the £2.5m Growth Area money is part of a larger project funded by the site owners. Tolerances were built into the original programme and a revised programme has now been submitted to GoL.
- 12.2.12 Heartlands Spine Road – Since the Programme Highlight Report was compiled National Grid have confirmed that they will meet £400k of the cost of the de-contamination. The project team is now revisiting the costing of the project and are anticipating that the overall costs will be £5.4million. Therefore there will be no un-funded overspend and the project will return to 'GREEN' next month.
- 12.2.13 Council Owned Land – Timescales for this project are expressed as 'AMBER' as the procurement of a development partner for Hornsey Town Hall is currently going through OJEU requirements. The development timetable is currently being reviewed as the procurement process will take longer than anticipated.

12.3 Children and Young People Stream Board

12.3.1 Building Schools for the Future

12.3.2 Timescales: the first three Wave 2 schools face ongoing time delays, as previously reported, running a further 12 weeks late at St Thomas More against our baseline milestone, 8 weeks at Woodside High School; and Gladesmore Community School running 3 weeks late. The other 6 schools in progress are operating on time or ahead of original milestone dates.

12.3.3 Woodside High and Gladesmore Community School are now designated through RIBA Stage C by the Design Stage Review Group and the designs have been submitted to the Board for approval.

12.3.4 Issues and Risks: We continue to work on resolving the PFI/Deed of Variation (DoV) agreement. Further commercial negotiations continue. Specific attention is currently being given to inflation and professional fees in the Construction activity.

12.3.5 Commercial negotiations to conclude the PFI/ Deed of Variation are continuing; this remains as an issue on the programme. We are in the process of testing original assumptions in each Construction Stream project budget to reflect updated information for inflation, professional fees, construction rates and ICT infrastructure costs. This work is ongoing and will remain a risk to the programme until it is finalised. The full extent of the risk will not be known until the testing is complete.

12.3.6 Primary Schools Capital Programme

12.3.7 The main contractor for Coleridge Phase 2, Jerram Falkus, has now submitted contractor proposals for the main construction element on

the former TUC site. The price for the work exceeds the approved level set by the Procurement Committee by around £500k.

12.3.8 The cost of the work has increased due to planning requirements and additional and unforeseen works following the demolition work. The Children and Young People's Service will seek to reduce the overall costs and identify additional funds in support of the project. Depending on the level of funding required, approval will be sought under contract standing orders prior to entering into contract. Progress will be reported to members as part of the budget monitoring report in September.

12.3.9 The contractor undertaking the expansion project at Tetherdown Primary School is still reporting an anticipated delay to completion of seven weeks. This is currently being monitored by the Design Team. Options for handover of Phase 1 in the event of delay are being examined, although it is not anticipated at present that the overall project objectives will be adversely affected. The Design Team will continue to monitor the progress on this scheme and report the outcome of the current discussions to the project sponsor.

12.3.10 The £1.315m overspend over the life of the programme is from FY 05/06 and 06/07. This will be funded through a corporate loan repaid over two years. The Project Team are trying to identify additional funding from within existing known resources to cover the projected overspend for this year of £261k. This may mean reducing the budget available for Phase 2. It is planned to review the strategy, in conjunction with Corporate Procurement Group, on how this area of work will be brought to a satisfactory conclusion.

12.3.11 Children's Centres

12.3.12 The Project Board met with the Sure Start Area Programme Manager on the 20th July 2007 to seek approval from the DFES Sure Start Central Unit for agreement to the revised projected expenditure profile and giving evidence that we meet the DFES criteria. We are now awaiting their comment and/or approval.

12.3.13 Timescales are still reporting AMBER as a number of key milestones have been missed: delays due to the federation of two schools and the arrival of a new head teacher has had a knock-on effect on other milestones, as has the late funding approval from DfES. However with the exception of Bounds Green Children's Centre, Nightingale Satellite Children's Centre (linked to Bounds Green CC), Highgate Children's Centre and South Haringay Children's Centre, all the projects within the programme are projected to be completed by March 2008 as per the funding target milestone.

12.3.14 The DFES bulletin Ref: SSESCGO7_10 advised that in exceptional circumstances and where local authorities fully meet the criteria, a limited number of projects can be finished after this date. If approval is received from the Sure Start Unit the milestones will be re-profiled.

12.3.15 Although the Project Board have confidence that the programme will remain in budget across the life of the whole programme, the budget is reporting AMBER whilst it remains under pressure until Sure Start approval of re-profiling is received.

12.3.16 Issues and Risks: as mentioned above, commitments on Phase 1 and Bounds Green have experienced milestone and expenditure (retention) slippage. We are awaiting Sure Start approval for re-profiling. Three 'high impact / medium probability' risks have been identified but management plans are in place and the sponsor is content with the approach adopted. Key risks identified are:

- Programme milestones and cash flow not achieved for 2006/2008
- Construction Tenders are higher than project budget costs
- Planning approvals are not granted or not granted on time

12.4 Wellbeing Stream Board

12.4.1 E-care

12.4.2 There is likely to be an underspend in this financial year as a result of original budgets not being profiled to reflect our revised plans and this will need to be carried forward at the end of the year.

12.4.3 Issues are presently reporting 'AMBER' largely due to the supply side putting pressure on the project timescales. There are some areas of functionality within the FWI Purchasing module (i.e. some of the Finance reports and other system features), that will not be delivered by the supplier (Corelogic) until September. This has been factored into the systems testing plan but reduces the amount of time available for testing these items prior to going live.

12.4.4 Due to the collective impact of a number of project issues (the most significant of which is detailed above), there is now a need to defer the 'Go-Live' date by four weeks. The project board has agreed to this. This should work to mitigate a number of the risks reported last month. Most significantly the risk of needing further resource to help with development of the interface between Framework I and SAP.

12.4.5 Formal funding is now in place to meet the costs of the E-care support team from 2007/08, the Adults, Culture and Community Services Directorate and the Children and Young People Services Directorate have agreed to meet 50% of the cost each.

12.4.6 Temporary Accommodation Reduction

12.4.7 Resources traffic light has now moved from AMBER to GREEN. This reflects the fact that recruitment is now complete for the Vulnerable Adults Team, Preventions and Options Team and is at an advanced stage for the Housing Supply Team. Further support for the project manager has also been acquired.

12.4.8 Following a re-appraisal of the risk register, six out of nine risks on the risk register have now been closed. All three remaining risks are classified 'medium impact, low probability'. We have accordingly reported GREEN for risks.

12.4.9 The data integrity exercise is nearing completion and we now have a clearer picture of the number of households in temporary accommodation (TA).

12.4.10 From next month this project will revert to reporting through normal line management / 'business as usual' channels and so will no longer appear in this report.

12.5 Better Haringey Stream Board

12.5.1 Improving Green & Open Spaces

12.5.2 Sports and Leisure Strategic Renewals – Settlement of year 1 final account works continues to be negotiated between project management consultants (AYH) and build contractors (Crispin & Borst). A meeting was held on 27th July with C&B, AYH and LBH Corporate procurement. LBH outlined that the final account AYH had submitted was considered accurate as there had been no further justification from C&B. C&B have since sent a response to the proposed final account, and this will be discussed at the next meeting which will be scheduled in early September with Corporate Procurement, AYH & C&B to seek to close discussions/negotiations and commence settlement of the account. Dispute resolution action will commence if the account is not settled by the end of October 2007.

12.5.3 Subject to the outcome of 12.3.1 above, further Member approval will be sought for any spend above the Contract Standing Orders specified threshold.

12.5.4 The Recreation Services Pre Business Plan Review 2008/9 - 2010/11 will detail work that we can not complete within the existing funding approval and identify revised remaining investment needs over the next 5 years.

12.5.5 At the present time the remaining programme is limited to Park Road Leisure Centre Changing Room Refurbishment on the basis of consultation completion and revenue priority, pending resolution of the above. This was approved through Procurement Committee on 27th June 2007.

12.6 People Stream Board

12.6.1 Equal Pay Review

12.6.2 Negotiations are reaching their final closing phase and it is anticipated that by the end of the summer there will be a clear indication as to whether agreement can be reached with trade unions.

12.7 Value for Money Stream Board

12.7.1 Procurement Programme

12.7.2 The financial profiling is currently showing expected savings of £217k for 07/08 and £369k for 08/09. This leaves a shortfall of £316k across the Procurement Programme. To enable the board to meet its overall target of £2m between 06-09 new projects need to be identified across the council and put forward as efficiency projects. The Head of Procurement has been meeting with identified lead officer for types of spend to identify potential savings and proposed projects that will contribute to the overall saving requirement. These will be identified over the next two weeks. The Corporate Procurement Unit will work with the category managers between now and December to agree the projects that will be taken forward. It is expected that this project will remain red until this work is complete; the overall status will therefore remain red until December and reviewed for Jan-08.

12.7.3 The Acting Director of Finance has agreed that savings achieved through the Procurement Board can be used to off-set directorate efficiency targets.

12.7.4 Transactional Efficiency

12.7.5 The Transactional Efficiency project board has been progressing the SAP CRM project. It is also considering its future programme of work and this will be reflected in future reporting.

12.7.6 Value for Money Reviews

12.7.7 The value for money reviews of Benefits and Local Taxation and Street Cleansing reported to the July VfM Stream Board. Action plans for implementing the recommendations from the review are currently being developed by the relevant services, and will be presented to the VfM Stream Board in September.

13. Use of Appendices

13.1 Appendix 1: Programme Highlight Report