

PROJECT DOCUMENTATION

HIGHLIGHT REPORT



<Storey Creative Industries Centre>

Version: 0.02

Date: 10th October 2007

**This Project Utilises the Lancaster City Council
Approach to Managing Projects (LAMP) Methodology**

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Project Manager: Paul James

Project/Programme Board: Storey PET

Highlight Report

Purpose of Document

To provide the Project Executive Team/Asset Management Group with summary information of the project progress to date.

Date of Report: 9th October 2007

Period Covered: From 1st July 2007 to 30th September 2007

Distribution

Name	Title
Peter Sandford	Project Executive
Paul Kondras	Project Executive (User)
Kate Midgley	Project Executive (User)
Jim Burrow	Project Executive (Supplier)
Bob Bailey and Jan Lees	Principal Auditor Projects & Performance Officer (Project Assurance)
Asset Management Group via Lucie Slight	Assistant Accountant

Overall Project Status



Briefly explain the reasons for assigning the overall project status as red, amber or green as appropriate and relate the reasons to any tolerance limits set by the Project Board and/or criteria defined within the PID.

Project risk adverse effects possible

Although the contractor, Conlon Construction Ltd. is now on site, work is going to plan and preliminary works will be completed soon, the overall project status is amber due to the issues of the main roof and Little Gallery roof raised by the architect and the Structural Engineer respectively.

Please refer to Issue and Risk Logs and Exception Reports:

- Exception Report Main Roof
- Exception Report Little Gallery Roof

The main roof

The issue of the main roof could be dealt with as recommended i.e. prioritising the roof into sections and working each until funds are used up and reserving all savings from other areas for roof repairs. Therefore this issue can be managed with the scope and tolerances of the existing PID except the plan maybe revised due to the issue of the Little Gallery roof.

The Little Gallery roof

The issue of the Little Gallery poses a more serious (but relatively small) risk to the project. Since publication of the Exception Report it has become apparent that the recommended option i.e. that LCC provide additional funds (of about £8,000) to repair the leaking roof is not possible. If additional funds are not secured, the existing plan to prioritise the main roof will need to be revised e.g. the Little Gallery roof could be placed as second or third on the list of priorities.

Please note: this could result in the course of action recommended under Option 3 with its consequences. It should be noted that since issuing the Exception Report it is now felt that there would be no serious impact upon the costs and timescales leading up to the release of the Bill of Quantities. Therefore Option 3 could be revised to read:

“Option 3 – Fund the repairs from possible savings from the main works i.e. capital budget of £3,243,270

- It would involve a reversal of the current recommendation that all savings be reserved for the repair of the main roof.
- It *could* involve either additional areas being “mothballed” and/or a reduction of quality of finishes to areas.”

Even-so, the Project Manager still feels the comments made in the Exception Report, page 3 still stand (whether nothing is done or decisions lead to additional areas being “mothballed” or a reduction in the quality of finishes) it is important to maintain the confidence of our key partner:

“Please note: It is important that the current level of confidence in the project is maintained by all partners, particularly the SCIC Board who are being asked to manage the restored centre, generate the required income and achieve the agreed outputs with no post opening revenue support from the Council.”

Budget Status



Explain how the project budget currently stands and if necessary explain the reasons for assigning the budget status as red, amber or green as appropriate. Consider what impact any changes to the project will have on the budget. Identify any major items that have been purchased or ordered in the period, and whether there will be significant expenditure in the next period.

Project risk adverse effects possible

The budget status is amber because the repairs to the Little Gallery roof are not included in the Bill of Quantities or any budget line or plan for possible savings and therefore represents “unforeseen” works.

Please note: The Project Executive and Manager are in consultation with the contractor and our own independent QS to try and solve this problem. A final decision on action to be taken can only be made once the Bill of Quantities has been approved by our QS i.e. a better understanding of the consequences can only be made once we are fully aware of what the contractor can deliver within the existing budget and what flexibility there is to move funds between budget lines.

Expenditure this quarter (Jul to Sept 07):

The £239,884 has been paid to:

Conlon Construction Ltd. £219,884 (this includes VAT) for construction works

Storey Creative Industries Centre, the Storey Board £20,000 for the Building Sites Initiative (£10,000) and the employment of a Capital Commissioning Manager (£10,000).

Spend this period	Spend to date	Balance
£239,884	£1,139,884	£3,446,413

Expenditure next quarter (Oct to Dec 07):

Should be around £250,000 with nothing unusual (assets) purchased just spend on construction works and professional; fees.

Schedule Status

Explain where the project stands against its plan and the reasons for assigning red, amber or green.

On track

Outputs/tasks/milestones Completed

Describe what the project has achieved in the period covered. Focus on what the project has delivered rather than the activities that have taken place. Reference the outputs/tasks/milestones delivered back to the plan. Identify any products that should have been delivered during the period (according to the plan) but which were not delivered. Explain when these will be delivered.

Construction/building works

This quarter has focussed on reviewing and if necessary revising designs, agreeing detailed costs, drafting and auditing the Bill of Quantities and preparing for the Project Executive Team meeting (19th October 2007) to approve the revised PID.

Project Management and administration

This quarter has been focussing on setting tight timetables for the contractors, fine tuning the project management structure, revising the PID, setting up administration systems and making claims.

Working with the Storey CIC Board

During this quarter work has continued on supporting the Storey Board to develop its capacity and to involve it as much as possible with important decisions which affect the project.

Actual Problems (Issues)

Give an outline of any actual problems. These should also appear in the Issues Log. You can cut and paste the key current Issues from your Issue Log.

Please see Issue Log included

Potential Problems (Risks)

Give an outline of any potential future problems. These should also appear in the Risk Log. You can cut and paste the most significant risks (e.g. risks scored 7+) from your Risk Log.

Please see Risk Log included

Forward Plan

*What outputs/tasks/milestones are due between now and the next scheduled Highlight Report? Indicate whether you have a high level of confidence that things will go to plan (Green) or there may be problems delivering to plan (Amber) or you believe there is little chance of achieving what was planned (Red). **Be realistic!***

With regard to the amber issues outlined above, the project management team need to plan to:

- 1) Wait for the details contained within the Bill of Quantities and to seek the advice from the Construction Team before making a firm decision.
- 2) As yet the full construction contract has not been signed. Please note the following:
 - a. It was originally planned to use a NEC 3 Option C Partnering contract with a guaranteed maximum price GMP and with an option to share savings with the contractor.
 - b. Advice given by our independent QS has suggested that the NEC 3 Option C contract may not be the most appropriate contract and therefore the project management team will be seeking an alternative which best protects LCC. The main reason being is that it has been agreed with the contractor that all savings are not shared but put back into the project.

It is planned to deal with the issue of the contract after the Bill of Quantities has been issued by our QS i.e. after we better understand what the contractor is proposing to deliver within the agreed budget.

3) Applications for additional funds

It was always planned to apply for additional funds from various sources. Please note:

Additional funds have been applied for but the timescales involved and approval are outside the control of the PET.

An expression of interest (in the form of a "Concept Form") has been submitted to Northwest Development Agency for £640,000 for works to the roof above the third floor rooms, bringing the third floor into use, bringing the Lecture Theatre into use (this budget could be used to repair the Little Gallery roof which lies directly above the Lecture Theatre), improving the quality of finishes to public areas and ICT equipment for "hot desking".

It is expected that NWDA will be able to give an initial response to this request during the next 2 months, but for the present time the project has to be managed on the assumption that this has a low probability of success.