

SLOUGH BOROUGH COUNCIL

REPORT TO: Audit & Corporate Governance Committee

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CONTACT OFFICER: Clare Priest Programme Management Lead
Stephen Fitzgerald Interim Assistant Director Audit & Finance

(For all enquiries) (01753) 875841 (01753) 875358

WARD(S): All

PART I **FOR DECISION**

CAPITAL PROJECTS BENEFITS REALISATION REVIEWS UPDATE

1 Purpose of Report

To summarise the Benefits realisation reviews undertaken by the Programme Management Office (PMO) for the Capital Strategy Board. This includes the Financial and non-Financial benefits achieved by implementing the project, as well as any lessons learned and follow on actions associated with the projects.

2 Recommendation(s)/Proposed Action

That the Committee note and approve the work on benefits realisation.

3 The Slough Joint Wellbeing Strategy, the JSNA and the Five Year Plan

The benefits realised from the projects referenced within the report contribute to the outcomes contained within the Five Year Plan in particular the following outcomes:

- Slough will be the premier location in the south east for businesses of all sizes to locate, start, grow, and stay
- Slough will be one of the safest places in the Thames Valley
- Children and young people in Slough will be healthy, resilient and have positive life chances
- The Council's income and the value of its assets will be maximised

4 Other Implications

(a) Financial

The Benefits reviews have realised a number of efficiency savings, cashable or non-cashable and are detailed in section 5 of this report.

(b) Risk Management

Risk	Mitigating action	Opportunities
Legal	None	

Property	None	
Human Rights	None	
Health and Safety	None	
Employment Issues	None	
Equalities Issues	None	
Community Support	None	
Communications	None	
Community Safety	None	
Financial	None	
Timetable for delivery	None	
Project Capacity	None	
Other	None	

(c) Human Rights Act and Other Legal Implications

Not applicable

(d) Equalities Impact Assessment

There is no identified need for the completion of an EIA.

(f) Property

The Corporate Asset Management Strategy is a key driver for the Business cases submitted to the Capital Strategy Board.

5 Supporting Information

5.1 Approach

- 5.1.1 The Programme Management Office (PMO) have been asked by the Capital Strategy Board to undertake a number of Benefits Realisation reviews of Capital Projects. These are projects that have been concluded and the review assesses whether the Benefits stated in the Business Case have been realised or are on track to be realised. This includes financial and non-financial benefits. The review also looks at whether the project's objectives were met, and if there were any lessons learned and unresolved issues/follow on actions that need to be addressed.
- 5.1.2 It is good practice Project Management to undertake a Benefits Realisation review and most effectively done by a person/group not directly involved in the Project implementation (e.g. a PMO).
- 5.1.2 The PMO have developed a forward plan for Benefits reviews, which is now a standing agenda item at the Capital Strategy Board, this ensures that projects are reviewed in a timely way following project closure.
- 5.1.3 This report only includes information from those Benefits reviews that have been considered by the Capital Strategy Board, the Projects are listed below:

a. Plymouth Road Industrial Units

The project renegotiated the renewal of the head lease of the Industrial Units at Plymouth Road. There was also the renegotiation of 31 individual sub

leases using stepped rent increase with the recovery of a proportion of maintenance costs from commercial tenants.

b. The Lodge in Lascelles Park

The project carried out substantial repairs to the Lodge to make it fit for use and found a suitable tenant to take a long lease of the building. In April 2015, the Lodge re-opened as a children’s nursery and new home for the Beehive Foundation, a charity which supports disabled and disadvantaged children. The lodge also provides a tea room and facilities for the Thames Valley Football Club, which uses outdoor sports pitches in the same park.

c. 2 Year Old Places

This project created 2 Year Old Places to meet the government targets for Slough which were 450 early education places from September 2013 and 1200 places for September 2014.

d. The Expansion of Littledown School

Littledown offers Slough’s only provision for pupils statemented with Behavioural Emotional and Social Difficulties (BESD). The expansion accommodated a total of 13 statemented children and added a second floor to create office accommodation for up to 15 staff who were housed in St. Martins Place.

5.2 Benefits

5.2.1 The reviews found the following financial and non-financial benefits as a result of the project’s implementation:

Type	Project	Category	Benefit
Financial	Plymouth Road	Cost avoidance	£800,000
	Plymouth Road	Income generation	£52,900
	Lascelles Lodge	Income generation	On track to gain a positive return in investment (see below)
Non Financial	Plymouth Road	Efficiency	<ul style="list-style-type: none"> Agreement of no increase in management fee
	Lascelles Lodge	Efficiency	<ul style="list-style-type: none"> Involvement of a cross section of corporate interests, which can be used as an exemplar of good practice, demonstrating how cross service benefits can be achieved.
			<ul style="list-style-type: none"> Outside toddler play area benefits the wider community and the nursery Location offers the nursery educational opportunities within the park Football club brought a dedicated sport interest to the park and developed local youth sport Improved management of anti-social behaviour in the park Benefit to local community sports Met need to provide of 2 year old places in the area
	Lascelles Lodge	Community Benefits	

Type	Project	Category	Benefit
	2 Year old places	Community Benefits	<ul style="list-style-type: none"> • 939 school places created
	Littledown expansion	Community Benefits	<ul style="list-style-type: none"> • New roof on property. • Air condition was fitted • 16 staff relocated to little down freeing up space at SMP. • 37 in total places

5.3 Objectives

In total, the 4 projects reviewed, reported 16 objectives. Only 3 of these were not achieved and the reasons for that are given below:

Project	Objectives Achieved	Objectives Not Achieved
Plymouth Road Industrial Units	<ul style="list-style-type: none"> • Extension of headlease from SEGRO for 15 years • Renegotiation of sub leases using a stepped rent increase • Recovery of a proportion of maintenance costs from the commercial tenant • Works to put the estate in good order • Offering rents with an annual predetermined phased percentage increase 	The Project aimed to provide business start up support, including incubation facilities at Plymouth Road, this was not achieved. Given the previous poor performance related to the management of the 31 light industrial units, priority has been given to reducing void loss, reducing arrears and regularising existing tenancy agreements. However this has been achieved at the expense of economic development outcomes. Consideration will need to be given to whether or not Plymouth Road is the right location for achieving this objective.
The Lodge in Lascelles Park	<ul style="list-style-type: none"> • Substantial repairs to the Lodge to make it fit for use, including restoration of condition and improvement of appearance. • Internal fit out by tenant to meet the needs of the business (now occupied by a nursery) 	The project aims to gain a positive return on investment within 15 years to close the funding gap for the Council (£320,000). This objective has not yet been achieved but is on track.
2 Year Old Places	<ul style="list-style-type: none"> • 450 early education places from September 2013 	The project aimed to create 1200 places for September 2014. This was partially achieved - 800 places were created however 150 of these places were created through private businesses. A new target of 908 was set in January 2016.
The Expansion of Littledown School	<ul style="list-style-type: none"> • Building an extension providing places for 5 more statedented children – completed in 2012 • A complete roof replacement – as originally planned, to address high priority condition work • New air conditioning – none existed in the classrooms • Addition of second floor to create office accommodation for up to 15 staff housed in SMP and to free up staff room on the ground floor • Increased classroom space on the ground floor for up to 8 more pupils 	N/A

5.4 Lessons Learned and Follow on Actions

5.4.1 The Reviews identified any Lessons Learned for projects of a similar nature and any outstanding actions yet to be resolved:

Project	Positive Lessons	Negative Lessons	Follow on Actions
Plymouth Road Industrial Units	<ul style="list-style-type: none"> • Monthly reporting on rent arrears made a difference to the performance on the project and transparency on issues • Building up relationships with commercial tenants helped reduce rent arrears as flexibility helped with the ability of tenants to pay 	<ul style="list-style-type: none"> • Issue around chasing financial information needs resolution as it is difficult to ascertain whether return on investment is on track. Liaison is needed with arvalo to request regular reporting on financial data 	<ul style="list-style-type: none"> • Whilst from a financial perspective the project has been a success, it has not been successful from an economic development perspective – incubator units have not been created. • A decision needs to be made around whether this should be pursued on the current site or if alternatives need to be sought.
The Lodge in Lascelles Park	<ul style="list-style-type: none"> • The project approach can be duplicated and applied to another site (example of Salt Hill Park nursery) • Benefits were gained by working collaboratively across services to derive multiple benefits from the project in terms of its commercial and environmental outcomes. This was achieved by the joined up corporate approach, which maximised results – working across the Assets, Infrastructure and Regeneration team ensured all elements (e.g. commercial and environmental interests) were considered and brought commercial and environmental professionals together to design a mutually beneficial project approach and procurement brief. • Park buildings have become hard to sustain without external funding and use. This initiative demonstrated that opportunities exist in the property market to secure uses of park buildings which are symbiotic with park environments and can add value. Having appropriate and well considered assessment criteria to secure appropriate use is absolutely critical to success. 	<ul style="list-style-type: none"> • There is an ongoing issue around access – barriers are continuously being open to allow parents access to the nursery. This leaves the Council with no control over public access to the park by car. Need to ensure all material matters are addressed before a lease is signed (e.g. access issue) 	<ul style="list-style-type: none"> • Resolution of the access issue

Project	Positive Lessons	Negative Lessons	Follow on Actions
2 Year Old Places	<ul style="list-style-type: none"> Projects with similar aims can be worked on at the same time to achieve economies of scale. This project "Piggy backed" on existing projects to get added value and exploited opportunities. Increase opportunities with housing developers via 106 agreements to influence nursery provision within the Borough. 	<ul style="list-style-type: none"> N/A 	<ul style="list-style-type: none"> The sufficiency duty to provide two year old places within the borough continues, whilst central government have now agreed an extension to the 3-4 year old offer taking place over the next year – legally comes in September 2017. This will provide a pressure on the two year old places as it is likely the 2 year old places will morph into 3-4 year places. Slough to apply for next bidding round for budget to resource this pressure.
The Expansion of Littledown School	N/A	N/A	<ul style="list-style-type: none"> All Project objectives were achieved and therefore there are no follow on actions

5.5 Forward Plan

5.5.1 The PMO have developed a forward plan for Benefits reviews, which is now a standing agenda item at the Capital Strategy Board to ensure that projects are reviewed in a timely way following project closure.

September	Baylis Park
October	TBC
November	TBC
December	Arbour Park
January	TBC
February	TBC
March	Registrars
Date TBC	The Curve
Date TBC	XP to Windows 7

6 Comments of Other Committees

Not applicable.

7 Conclusion

That the Audit & Governance Committee notes the outcomes of the Benefits reviews, including the financial and non-financial benefits to date and the project lessons learned and follow on actions.

That the Audit & Governance Committee notes the added value of the benefits approach as an important element of assessing success.

8 Background Papers

None