

<b>Item No.</b> <b>3</b>	<b>Classification:</b> OPEN	<b>Date:</b> 15 <sup>th</sup> September 2003	<b>MEETING NAME</b> Overview and Scrutiny Committee
<b>Report title:</b>		Scrutiny: Charter School Overspend	
<b>Ward(s) or groups affected:</b>		All	
<b>From:</b>		Head of Corporate Strategy	

## RECOMMENDATION

1. Members are asked to receive the District Audit report on Peckham Pulse Capital Project attached at Appendix A, requested by this Committee at the last meeting on 7<sup>th</sup> July 2003 in relation to its ongoing scrutiny of Capital Project overspend on Charter School.

## BACKGROUND INFORMATION

2. On 22<sup>nd</sup> October 2002 the Executive took a report on the Capital Programme for 2002-03 and asked Overview & Scrutiny Committee to investigate the reasons for, and the implications of, the overspend on Charter School and the general state of the Capital Programme.
3. On 15<sup>th</sup> January 2003 Overview & Scrutiny Committee agreed to proceed subject to confirmation of the completion dates of inquiries also being undertaken into the matter by District Audit and Atkins, Faithful & Gould - the Borough Solicitor having advised that scrutiny should seek to avoid duplication of investigations being carried out elsewhere. The Chief Executive subsequently advised Members how they might take scrutiny forward in the absence of these two reports.
4. The following terms of reference were agreed on 6<sup>th</sup> February 2003, i.e.

*“To consider how the capital building project at the Charter School was planned, approved and monitored at Member level, and make recommendations to the Executive as to how such projects could be better managed in future, taking into account the findings of the reports arising from inquiries carried out by the District Auditor and the Director of Education.”*
5. On 19<sup>th</sup> March 2003 the Strategic Director of Education & Culture outlined the main stages of the project and the critical moments of cost variation from its inception in 1999 until the date of the last Capital Review in 2002. In subsequent closed session OSC Members inspected the completed Atkins, Faithful & Gould report on the increase in Capital Expenditure.
6. On 19<sup>th</sup> May 2003, in closed session, Charter School's Headteacher and the Chair of the School's Governing Body gave their perspective on the project.

7. On 7<sup>th</sup> July 2003 OSC considered the draft District Audit report "Overview of Capital Project at The Charter School" and heard from Auditor Neil Grey in closed session. Members noted that the draft report referred to the DA's earlier report "Review of the Peckham Pulse Capital Project", and in particular expressed concern that the authority had seemingly not learned from previous project experience.
8. Having considered the matter at this meeting Members agreed to carry out further work prior to concluding the scrutiny, including revisiting the recommendations in the District Auditor's Peckham Pulse report. A copy of the D.A.'s Peckham Pulse review report is therefore attached at Appendix A for Members consideration, having recently been secured in response to OSC's request.

### **KEY ISSUES FOR CONSIDERATION**

9. Members are invited to read the entire report but the Action Plan at Agenda pages XX-XX may be of particular interest to Members as it sets out the Council's response to the DA's recommendations, a number of which address similar issues to aspects of the Charter School project, in particular:
  - R3 Detailed feasibility study and project appraisal should be carried out and reported to members as part of the project approval process.
  - R6 Skills and experience of officers should be considered before finalising procurement policies for future capital contracts
  - R7 Risk based review should be undertaken and reported to members as part of the project approval process
  - R8 Project management and reporting arrangements - note final point re reporting to members on at least two occasions per year
10. The District Auditor's final report "Overview of Capital Project at The Charter School" is not yet available for consideration. Report author Linda Vargas has been invited to the OSC meeting on 15<sup>th</sup> September 2003 to provide an update on progress towards its finalisation and to respond to Committee's questions on the report.

### **RESOURCE IMPLICATIONS**

11. This report has no specific financial implications.

### **LEGAL IMPLICATIONS**

12. This report has no specific legal implications.

## BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Overview & Scrutiny Committee <ul style="list-style-type: none"> <li>• Agendas and papers</li> <li>• Minutes</li> </ul>	Rm 3.16, Town Hall, Peckham Road, London SE5 8UB	Lucas Lundgren Scrutiny Team Tel: 0207 525 7224
Executive <ul style="list-style-type: none"> <li>• Agendas and Minutes</li> </ul>	Constitutional Support Unit Rm 3.16, Town Hall, Peckham Road, London SE5 8UB	Everton Roberts Constitutional Support Officer Tel: 0207 525 7221

### Audit Trail

Lead Officer Shelley Burke, Head of Overview & Scrutiny  
 Report Author Lucas Lundgren, Scrutiny Project Manager  
 Version Friday 12<sup>th</sup> September 2003

### CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / EXECUTIVE MEMBER

Officer Title	Comments Sought	Comments included
Borough Solicitor & Secretary	Yes	Taken into account.
Chief Finance Officer	No	No
Executive Member	No	No