

Finance and Resources Committee

10.00am, Thursday, 24 September 2015

Property Conservation – Programme Momentum Progress Report

Item number	7.5
Report number	
Executive/routine	
Wards	

Executive summary

This report provides Committee with a progress update for Programme Momentum.

Links

Coalition pledges	P40 , P41
Council outcomes	CO7 , CO19
Single Outcome Agreement	SO4

Property Conservation – Programme Momentum Progress Report

Recommendations

- 1.1 Committee is requested:
 - 1.1.1 To note the management information dashboard reports in Appendix 1.
 - 1.1.2 To note the settlement sums authorised to complainants and other affected owners under delegated authority.
 - 1.1.3 To note the progress of debt recovery work.
 - 1.1.4 To note that the pilot of the Edinburgh Shared Repairs Service launches in September 2015.

Background

- 2.1 Programme Momentum has been established as a robust end-to-end process across all workstreams relating to the legacy Statutory Notice issues, including the development of the blueprint for the new enforcement service.
- 2.2 This report gives details of progress to the end of August 2015.

Main report

Progress

- 3.1 Since the beginning of Programme Momentum in June 2014 there has been significant progress by the legacy team across all workstreams. There was £22m of outstanding debt to be billed in July 2014 which has now reduced to £195k. Billing will be concluded this month. The settlements process introduced in April has run successfully with to date 95% of the cases reviewed. Changes made to the customer service area involving a single contact point for all mail, emails and telephone calls has improved the customer experience.

Management information

- 3.2 Management Information as at 25 August 2015 is attached in Appendix 1.

Financial Recovery

Delegated Authority – Irrecoverable Sums & Settlements

- 3.3 The provision for impairment and for settlement repayments is £17.9m.

- 3.4 As at 25 August 2015 a total of £9.9m has been approved for write-off against the provision comprising irrecoverable sums of £6.7m, aged debt of £0.3m and settlements of £2.9m.
- 3.5 The Committee is asked to note the settlement sum of £96k authorised to complainants and other affected owners under delegated authority. The total value of settlements to date is £2.9m.
- 3.6 These sums are contained within the overall Bad Debt and Irrecoverable Sums provision.
- 3.7 The provision remains subject to regular review by the Head of Edinburgh Shared Repairs, the Head of Finance and the Deputy Chief Executive.

Billing Process

- 3.8 As at 25 August 2015, billing on Deloitte reviewed cases has now reached £17.8m with £8.7m received in payments. There are 2 projects with a value of £0.23m (including administration charge) remaining to be invoiced. The current average monthly repayment rate is 59%.
- 3.9 The remaining Work In Progress (WIP) figure is £1.1m which includes Deloitte Project WIP of £0.2m. Billing for Deloitte defect free cases is now complete. Those few remaining cases requiring defect works will be completed in Autumn 2015.

Debt Recovery

- 3.10 Under the extended contracted arrangements, instructions continue to be sent to Morton Fraser for statutory notice debt recovery. Since 1 April 2015, 294 instructions have been issued to Morton Fraser with a total value of £3.1m for debt collection.
- 3.11 Based on the Morton Fraser status report of 24 August 2015 there has been debt settlement by 67 (23%) customers at a value of £0.4m (12%) and instalment arrangements agreed by 28 (9%) customers at a value of £0.3m (10%). This represents an overall total to date of 95 customers (32%) with a total payment commitment of £0.7m (22%).
- 3.12 As at 25 August 2015 the percentage solicitor's costs against sums recovered is 2.1%.
- 3.13 Monthly review meetings are now established between the Council and Morton Fraser with performance measures, standards and reporting in place.

Complaint Resolution & Settlements

- 3.14 The settlement process for complainants is due for completion in the coming weeks. 20 cases remain to be closed.

- 3.15 The total number of settlement letters issued to date is 1686 resulting in 1304 individual cases now being closed. Acceptance rates from complainants are 55% and other affected owners are 58%.

New Service update

Pilot

- 3.16 The pilot for the new service will run between September 2015 and March 2016.
- 3.17 The purpose of the pilot is to test parts of the practice and procedures designed by Deloitte for implementation in to the new service ahead of the launch in April 2016. The four service areas are:-
- Customer contact
 - Intervention
 - Enforcement
 - Finance
- 3.18 The implementation of the pilot has been on-going with input into the procedures from technical, legal, financial, customer services and I.T staff and consultants. Staff training was completed by end August ready for pilot launch in September.

Pilot Cases

- 3.19 Intervention service - A number of pre-selected cases have been considered and included in the pilot. At present the service will include 9 cases in the intervention side of the service. The degree to which case officers and property owners can arrange defect repairs with their neighbours to organise the works privately will determine how many of these case reach the enforcement stage. Those cases brought to the service are in general related to defects in roofing.
- 3.20 Enforcement service – One outstanding repairs project has been considered and included in the pilot. This tenement property had reported falling masonry in July 2011. Under an emergency statutory notice, the Council erected safety scaffolding. Over the period from 2012 to date, the property owners have been in dialogue with the Council in respect of their efforts to arrange the works privately and their subsequent request for Council intervention.
- 3.21 This project is being progressed on behalf of owners and is currently in the pre-contract phase. This is a major repair project with an estimated value of £250,000. The defects are numerous and include structural works, stonework repairs, flat roof replacement and slate roofing repairs.

New Edinburgh Shared Repair Service launch

- 3.22 Throughout the pilot period, the process, as used by the Service, will be tested and reflected upon for appropriate alteration. Two areas of the service being progressed throughout the period of the pilot are procurement and recruitment. The procurement strategy has been agreed by the programme board and is an

on-going workstream. The framework contract is programmed to be in place by July 2016. Recruitment of technical resource is currently on-going.

Measures of success

- 4.1 Conclusion of reviewing statutory notice projects.
- 4.2 Billing and collection of outstanding debt.
- 4.3 Resolution of complaints.
- 4.4 Launch of new replacement enforcement service.

Financial impact

- 5.1 Significant financial issues with a collective value of over £30 million require to be concluded and resolved.
- 5.2 On 19 March 2015, following the decision to make available a budget for 2015/16 of £1.5 million, the Finance and Resources Committee considered a report on the revised implementation plan for the new Shared Repairs Service. Committee approved option 1 which proposes launching the service on a pilot basis from 1 September 2015, with the full launch scheduled for late March 2016.
- 5.3 The overall 2015/16 available budget for the legacy and new Edinburgh Shared Repairs Service is £3.6 million.

Risk, policy, compliance and governance impact

- 6.1 This area of work represents a significant financial and reputational risk for the Council.

Equalities impact

- 7.1 There is no equalities impact arising from this report.

Sustainability impact

- 8.1 There is no adverse environmental impact arising from this report.

Consultation and engagement

- 9.1 Not applicable.

Background reading/external references

[Report to Finance and Resources Committee, 19 March 2015 -Property Conservation - Programme Momentum Progress Report](#)

[Report to City of Edinburgh Council, 12 February 2015, Shared Repairs Services - Development of a New Service.](#)

[Report to City of Edinburgh Council 11 December 2014, Shared Repairs Services - Development of a New Service -](#)

Alastair Maclean

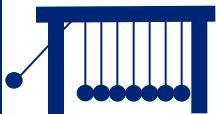
Deputy Chief Executive

Contact: Andrew Field, Head of Shared Repairs Service

E-mail: andrew.field@edinburgh.gov.uk | Tel: 0131 529 7354

Links

Coalition pledges	P40 – Work with Edinburgh World Heritage Trust and other stakeholders to conserve the city’s built heritage P41 – Take firm action to resolve issues surrounding the Council’s Property Services
Council outcomes	CO19 – Attractive Places and Well Maintained – Edinburgh remains an attractive city through the development of high quality buildings and places and the delivery of high standards and maintenance of infrastructure and public realm
Single Outcome Agreement	SO4 – Edinburgh’s communities are safer and have improved physical and social fabric
Appendices	Appendix 1: Management Information Dashboards



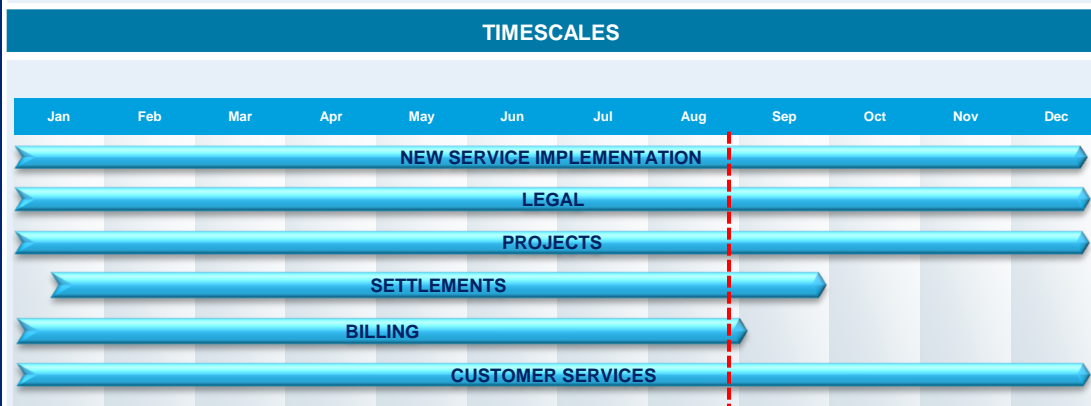
Programme Momentum Dashboard August 2015

Monthly progress update (for reporting purposes month end is 25 August)



OVERVIEW OF PROGRESS

The legacy service continues to draw to a close in respect of billing, projects and settlements. There remains a high level of customer service contact as the final cases are released for billing. In addition, there remains a high value of debt to recover, both independently assessed cases and historic legacy cases. Progress is being made in key areas for the pilot of the new service in September 2015 with the full launch in March 2016. The main risks to the launch of the New Edinburgh Shared Repairs Service are in relation to budget pressures which impact upon recruitment and ICT development. Work is also ongoing to complete the policy, procedures and performance measures for the new service.



TOP RISKS	MITIGATION	RAG
1. Debt Recovery	Additional provisions have been made through the appointment of Morton Fraser	Yellow
2. Budget Provision	Ongoing discussion with Corporate Finance in relation to the budget provision for the new service and the closure of the legacy service	Red
3. Bad Debt Provision	The provision has been increased and will continue to be monitored and reported monthly.	Red
4. Settlement Process	Settlement process underway but reputational and financial risk remains high.	Yellow
5. IT Systems	Alternative IT approach approved at July Board. Addressing IT activity underway to improve systems ahead of new service launch.	Red
6. Procurement	Recommended Procurement strategy to be presented to August Board.	Yellow

OVERALL STATUS	RAG	COMMENTS
Customer services	Yellow	Complaints decreasing but Councillor enquiries and FOI requests remain high
Billing	Green	2 cases remain to be billed and are on target for completion within reported timescales
Legal	Red	Steady increase in the number of cases requiring legal action and in numbers being resolved.
Case Reviews and Settlements	Yellow	All Momentum cases are completed. Additional cases commenced. Settlement process implemented
New service	Yellow	Implementation activities have commenced. ICT functionality, Procurement and Recruitment provision remain the key risks

INFORMATION / DECISIONS
<ol style="list-style-type: none"> Ongoing legacy closure and new service progress report Impact of budgetary provision for 2015-17 a key risk ICT Development and Procurement Strategy paper considered by Programme Board in August

KEY PLANNED ACTIVITIES
<ol style="list-style-type: none"> Bidders day planned to test market interest on Contractor Framework Develop new service governance, policy and performance framework Begin training and finalise pilot projects Client and performance management of debt recovery partnership Continued focus on billing and settlements activities





Settlements

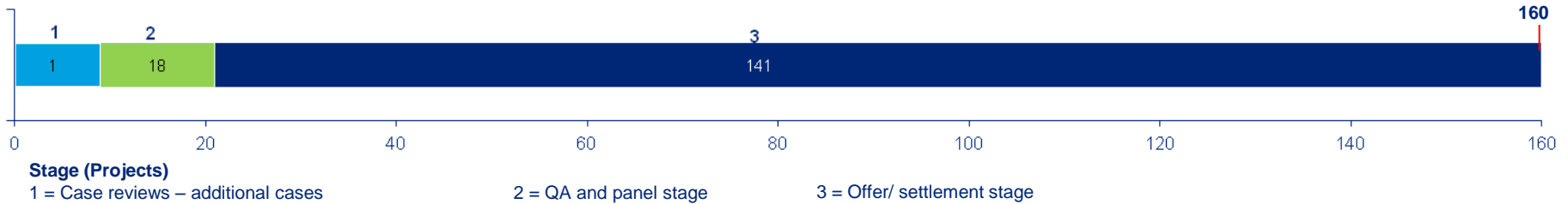
Programme dashboard as at 25 August 2015



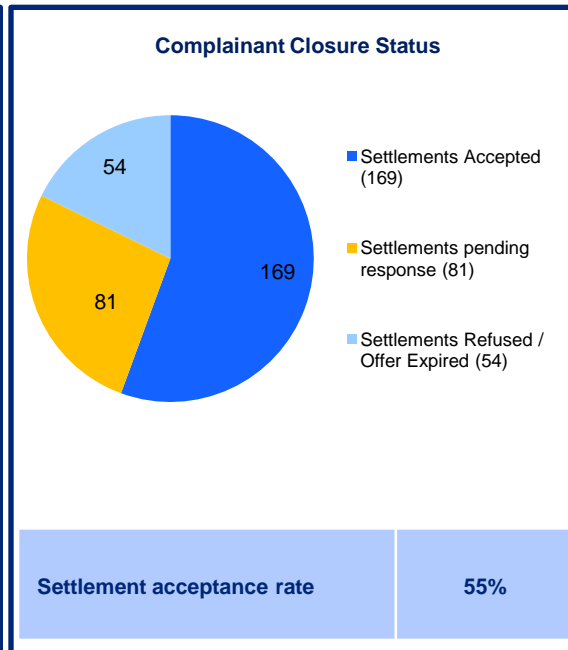
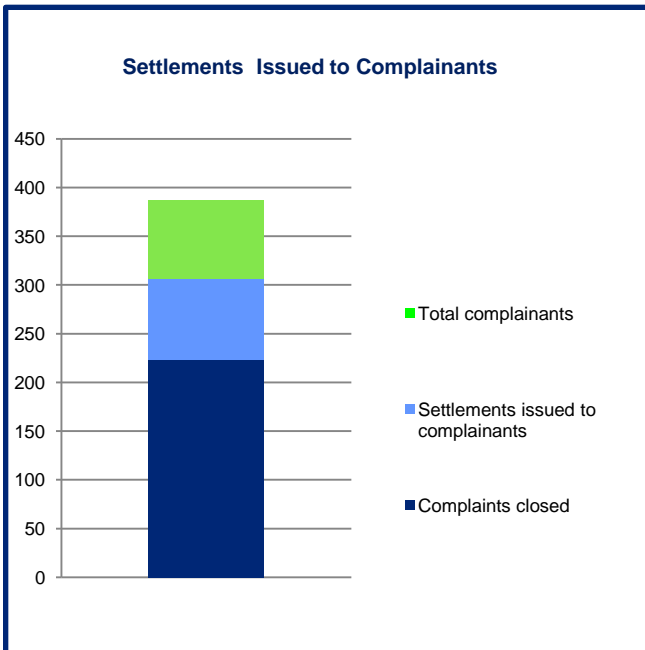
Progress

The settlement process for complainants remains on target to be completed by Summer 2015, subject to an additional 1 case anticipated from Deloitte in September 2015. Closure in respect 73% of all settlement cases has now been reached, with more than 80% of all complainants issued with settlement. Acceptance rates from complainants are at 55%. Settlements to other affected owners are progressing with settlements communicated to 1,686 owners. Settlements to all other affected owners is anticipated to be complete by Autumn 2015.

Complex Complaints Case Reviews & Settlements

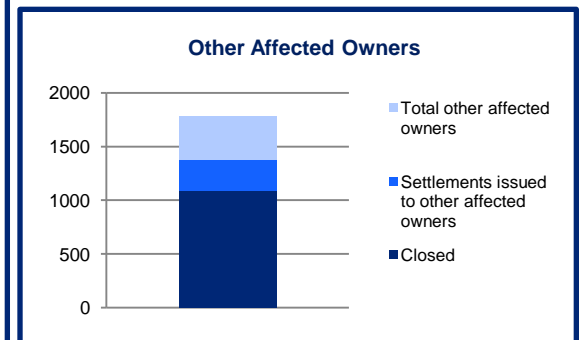


Settlement Status



Settlement Value

Total Value of projects reviewed	£8.969m
Total settlements approved under delegated authority	£2.906m
Settlements paid/credited to date	£2,141m





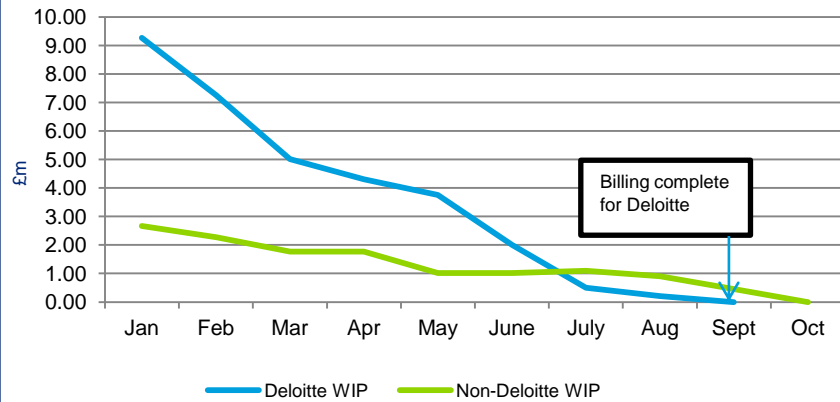
Finance

Programme dashboard as at 25 August 2015

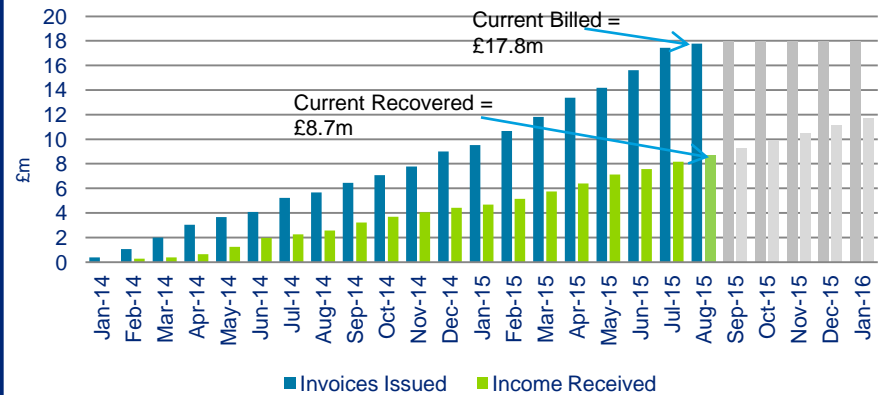
Progress

Billing on Deloitte reviewed (Project Joule) cases has now reached £17.8m with £8.7m received. As at 25 August 2015 there are 2 projects, requiring defect works, with a value of £0.2m (including administration charge) remaining to be invoiced. The remaining Work In Progress (WIP) figure is £1.1m which includes Deloitte Project WIP of £0.2m and Non Deloitte (Legacy) WIP of £0.9m. Billing for the 2 remaining Project Joule projects is scheduled for September 2015. Impairments approved to date is £9.9m against the provision of £17.9m.

Work in Progress



Projection of Deloitte approved Statutory Notice repair debt



15/16 Budget Requirements

	Budget 2015/2016 £'000	Budget to 31/07/15 £'000	Spend to 31/07/15 £'000	Variance to 31/07/15 £'000
Closure Programme & Defect Remedy Costs	2,103	791	448	-343
New Enforcement Service (implementation and pilot launch from 01/09/2015)	1,400	259	291	32
Shared Repairs Service(part year to 31 August 2015)	138	122	126	4
TOTAL BUDGET 2015/2016	3,641	1,172	865	-307



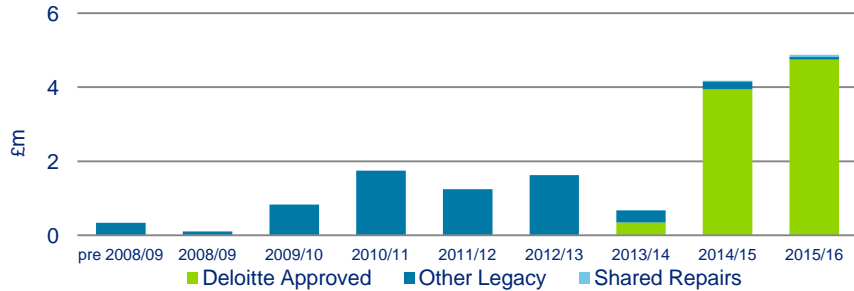
Debt Recovery

Programme dashboard as at 25 August 2015

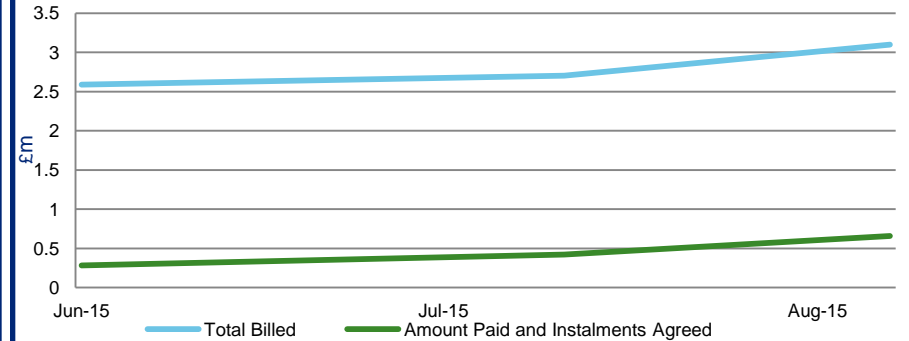
Progress

The total debt outstanding of £15.6m for both Deloitte Reviewed, and Legacy and Shared Repairs, whilst reducing, remains an issue. Of this debt sum, a total of £10.7m is being pursued through active billing. Morton Fraser recovery or other legal collection. The remaining debt of £4.9m is either being prepared for legal action or suspended debt and includes a sum of £4.3m for outstanding legacy debt of which £3.7m is suspended debt. There is £1.7m debt arranged for payment through instalment plans.

Aged Debt at 24 August by year



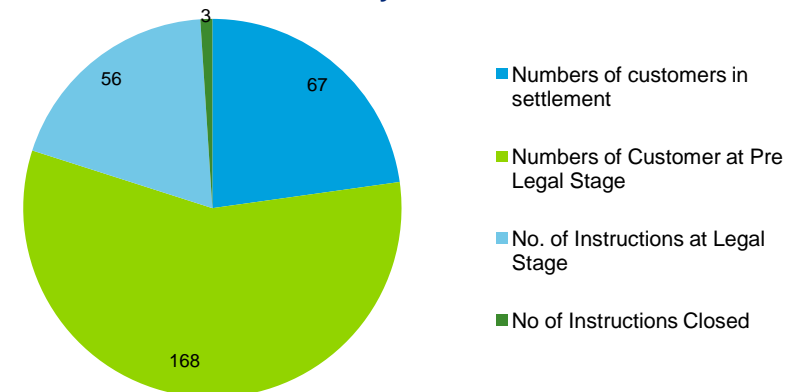
Morton Fraser Recovery Rate



Debt Status	Deloitte Reviewed	Legacy and Shared Repairs	Total
Total debt being pursued	£8,422,698	£2,331,409	£10,754,107
Total debt scheduled for action	£612,732	£4,257,644	£4,870,376
Total Debt	£9,035,430	£6,589,053	£15,624,483
Instalment plans agreed within debt total	£1,312,280	£394,729	£1,707,009

Morton Fraser Debt Recovery Cases pursued by the Council	June	July	August
Total debt recovery cases pursued by Morton Fraser	212	233	294
Total value of instructions issued	£2.6m	£2.7m	£3.1m
Total debtors settled or in payment plan	42	62	67
Total sum recovered or in payment plan	£0.3m	£0.5m	£0.7m
Total sum recovered of in payment plan as % of debt	11%	17%	21%

Debt Recovery Overview





Legal Claims

Programme dashboard as at 25 August 2015



Progress

There continues to be no live court cases raised against the Council by owners. The last case was resolved in the Council's favour in June 2015.

Legal claims raised against the Council	Apr 14 – Aug 15
Total claims raised against the Council	5
Total claims resolved to date	5
Settlement payment by Council to owner	4
Court judgement for the Council	1
Court judgement against the Council	0



Customer Services

Programme dashboard as at 25 August 2015

Progress

Customer Services has seen a further increase in volumes in enquires compared to previous months.

Solicitor enquiries remain at a high level.

FOI enquiries have increased again during August to 30 from a low of 16 in July. The nature and complexity of FOI requests have also increased this year.

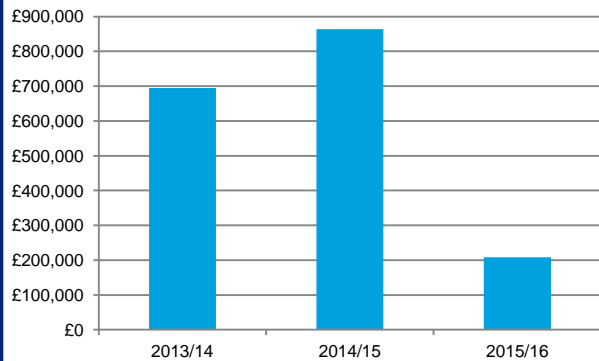
Customer Services	Jun 15	Jul 15	Aug 15
No. of customer enquiries received	655	543	849
No. of customer enquiries closed	697	627	901
No. of Solicitor enquiries	784	707	729
No. of customer complaints received	23	10	22
No of customer complaints closed	20	14	17
No. of FOI's received	42	16	30



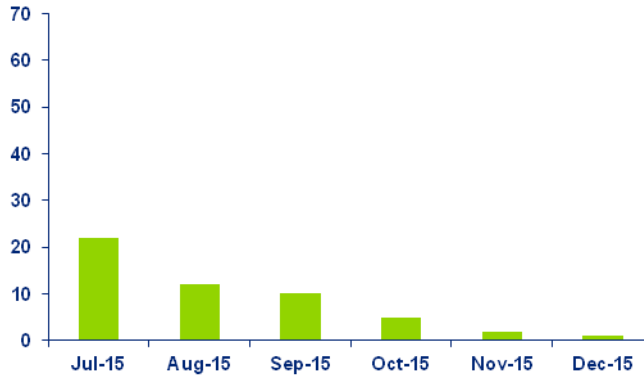
Projects

Programme dashboard as at 25 August 2015

Project Costs Incurred by the Council each year



Future Activity on Projects



Progress

Thomson Bethune continue to provide technical support to the programme including site surveys and reports, together with liaison with consultants and owners to bring cases to a close.

Projects are due to be completed by the end of 2015.



Shared repairs

Programme dashboard as at 25 August 2015

SHARED REPAIRS KPI	Jun 15	Jul 15	Aug 15	Trend
No of requests for advice/ info only.	260	250	186	↓
No. of service requests	97	98	100	↑
No of emergency repair inspections resulting in statutory notices issued	67	69	65	↓
No. of Emergency service requests where information/ advice was provided	30	29	35	↑
Value of invoices issued to owners for emergency repairs (cumulative)	£633,175	£665,050	£693,010	↑
Value of income received from owners for emergency repairs (cumulative)	£534,463	£564,906	£587,618	↑

Progress

- The number of requests for advice has reduced by 26%
- The number of requests for service has increased by 2%.
- For invoices issued prior to the end of March 2015, the collection rates are 89% for Shared Repairs.

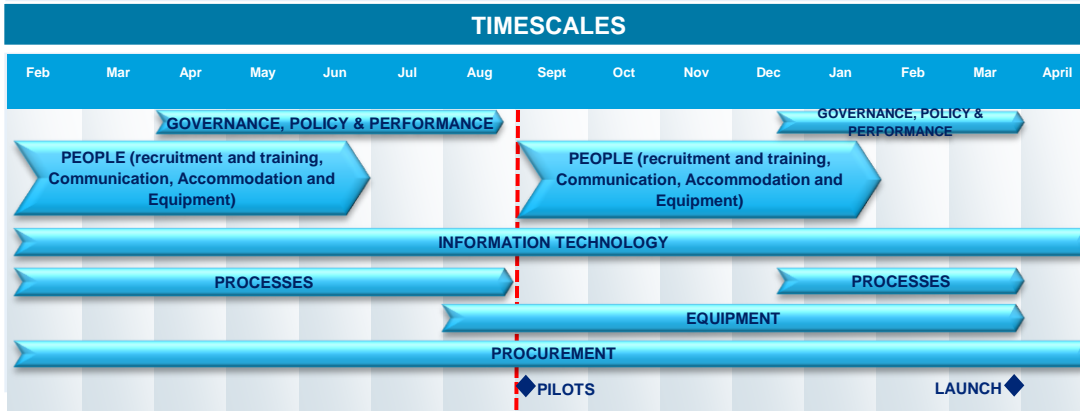


New Service

Programme dashboard as at 31 August 2015

OVERVIEW OF PROGRESS

The project remains on course to deliver within timetable and budget, and the continued focus during August has been preparation for the Pilot phase of the project. The procedure manuals are now in final draft for testing during this phase, and training has been undertaken for Customer Contact, Intervention, Enforcement and Finance services. The focus for the IT workstream has been development of an interim database to support, track and report on the Pilot projects. The draft Procurement Strategy was approved by the Programme Board and work has continued with Corporate Procurement to prepare for the tender process. The advert for Surveying staff has closed and a shortlist of candidates has been identified for interview during week commencing 7 September. The draft Governance, Policy and Performance framework was noted by the Programme Board on 10 August.

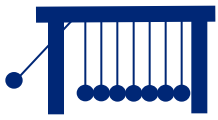


TOP RISKS	MITIGATION	RAG
1. Unable to deliver against blueprint due to budget pressures	Recruitment profile and ICT spend have been changed to fit the new budget allocation. Updated costed business plan to be presented to October Programme Board.	Red
2. New IT functionality not in place for full service launch	Alternative IT approach approved by Board in July. Interim IT activity to be undertaken to improve legacy systems and reporting ahead of new service launch.	Red
3. Implementation Project team inadequately resourced to deliver project	Implementation Manager and Project Officer post advertised to redeployment list and wider Council. Applicants to be confirmed and interviews held.	Yellow
4. Market interest in Contractor Framework is low	Soft market testing demonstrated market interest, however bidder's day on 8 October will test interest further. Recommended Procurement Strategy approved by Programme Board.	Yellow
5. Unable to secure technical resource due to recruitment and budget issues	Shortlist of Surveyor candidates identified and interviews to be held week commencing 7 September. Option to co-source to be revisited under new budget constraints	Yellow

OVERALL STATUS	RAG	COMMENTS
Governance, Policy & Performance	Yellow	Draft Governance, Policy and Performance framework noted by Programme Board – updated list submitted for approval. Performance and Policy elements to be tested during the Pilot phase.
People	Yellow	Recruitment of Surveyors at interview stage. The pilot will facilitate a review of remaining recruitment requirements in line with demand and within the remaining budget. SRS Service Review to be signed off and communicated by December.
IT	Yellow	New IT approach approved at July Board. Detailed plan and resource requirements to be reviewed by the Implementation Panel.
Processes	Green	Draft procedure manuals prepared for testing during Pilot phase.
Procurement	Green	Recommended Procurement Strategy approved by Programme Board. Bidders day to be held during September 2015. Plan to issue PQQ to contractors in October 2015 with projected award in Summer 2016.

INFORMATION / DECISIONS

Programme Board 14/09/2015 – Approval of Policy decisions for Pilot phase, and note of planned cases to commence Pilot phase.



Programme Momentum – Remaining Activity

Monthly progress update (for reporting purposes month end is 25 August)



PROGRESS AND FORECAST

Below, an activity volume forecast is provided below to show the progress since the Programme Momentum was established in July 2014 and the estimated remaining programme to close the legacy service and launch the new replacement service.

