

Finance and Resources Committee

10.00a.m., Tuesday, 5 September 2017

Property Conservation – Legacy Debt

Item number	7.15
Report number	
Executive/routine	
Wards	

Executive summary

The report requests approval to extend delegated authority granted to the Chief Executive for Project Joule (statutory repairs) debt to 31 March 2018 and to extend similar delegated authority to legacy statutory repairs debt.

Property Conservation – Legacy Debt

Recommendations

- 1.1 Members of the Finance and Resources Committee are asked to:
 - 1.1.1 Delegate authority (with power to sub-delegate to any relevant Council officer he considers appropriate) to the Chief Executive in relation to Project Joule (statutory repairs) and legacy statutory repairs to write off sums and to approve any settlement by way of compensation, refund and / or write-off or otherwise, subject to the following limits:
 - a. the aggregate amount written off and / or paid shall not exceed the amount of the Council's bad debt provision in respect of statutory notice work;
 - b. any proposed settlement by the Chief Executive shall not exceed £100,000 per owner; and
 - c. the delegated authority shall expire on 31 March 2018 unless earlier renewed by the Finance and Resources Committee.

Background

- 2.1 Progress on Project Joule has been reported regularly to the Finance and Resources Committee. In addition to Project Joule, the Council has £2.3m of outstanding legacy debt on statutory notices, that has not been subject to Deloitte review. Included in this sum is £0.3m of debt currently on payment plans.
- 2.2 In applying the proposed delegated authority to this debt, officers will have due regard to the Corporate Debt Policy.

Main report

- 3.1 The Finance and Resources Committee of 5 June 2014 agreed recommendations contained within the report entitled "Property Conservation - Complaints Resolution" to delegate authority (with power to sub-delegate to any Council officer the Chief Executive considers appropriate) to the Chief Executive in relation to statutory repairs to write off sums and to approve and pay any settlement by way of compensation, refund and/or write-off sums or otherwise, subject to the following limits:

- (a) the aggregate amount written off and/or paid should not exceed the amount of the Council's bad debt provision in respect of statutory notice work;
 - (b) any write-off of unbilled sums by the Chief Executive should not exceed £100,000 per project;
 - (c) any proposed settlement by the Chief Executive should not exceed a value of £100,000 per owner; and
 - (d) the delegated authority would expire on 31 March 2015 unless earlier renewed by the Finance and Resources Committee.
- 3.2 This delegated authority has been subject to renewal, as appropriate, as the Project Joule (Deloitte) resolution programme has moved towards closure.
- 3.3 The existing delegated authority does not however extend to the historic legacy outstanding debt of £2.3m that has not been subject to Deloitte review. The recommendation in this report is to extend the delegated authority to the Chief Executive to enable all statutory repair-related debt to be dealt with on a consistent basis.
- 3.4 In applying the proposed delegated authority to this debt, officers will have due regard to the Corporate Debt Policy.
- 3.5 In addition, the aggregate amount of any debt that could be written off and / or paid shall not exceed the amount of the Council's bad debt provision in respect of statutory notice work.

Measures of success

- 4.1 Resolution of the legacy programme outstanding debt.

Financial impact

- 5.1 The costs associated with decisions made under these arrangements will be closely monitored against the relevant bad debt provision.

Risk, policy, compliance and governance impact

- 6.1 Failure to address legacy debt relating to the former Property Conservation service carries significant financial and reputational risk for the Council. Measures being proposed are intended to mitigate these risks.
- 6.2 Due regard will be paid to the Corporate Debt Policy in applying delegated authority.

Equalities impact

7.1 There is no equalities impact arising from this report.

Sustainability impact

8.1 There is no adverse equalities impact arising from this report.

Consultation and engagement

9.1 Not applicable.

Background reading/external references

[Property Conservation – Complaints Resolution](#) - Finance and Resources Committee
Thursday 5 June 2014.

[Corporate Debt Policy: Annual report](#) – Report to Corporate Policy and Strategy
Committee – 23 February 2017

Stephen S. Moir

Executive Director of Resources

Contact: Hugh Dunn, Head of Finance

E-mail: hugh.dunn@edinburgh.gov.uk | Tel: 0131 469 3150