

Finance and Resources Committee

10.00am, Tuesday, 23 January 2018

Edinburgh Shared Repairs Service (ESRS) and Legacy – Programme Progress Report

Item number	7.3
Report number	
Executive/routine	
Wards	
Council Commitments	

Executive Summary

This report provides Committee with a progress update for the Edinburgh Shared Repairs Service (ESRS) and the legacy work related to the former Property Conservation Service.

Edinburgh Shared Repairs Service (ESRS) and Legacy – Programme Progress Report

1. Recommendations

- 1.1 That Committee:-
 - 1.1.1 Notes the update on Edinburgh Shared Repairs Service (ESRS);
 - 1.1.2 Notes the management information dashboard reports in Appendix 1;
 - 1.1.3 Notes the Project Joule billing and debt recovery update;
 - 1.1.4 Approves that the delegated authority to write off sums in respect of legacy statutory repairs, due to expire in March 2018, be extended to March 2019; and
 - 1.1.5 Refers this report to the Governance, Risk and Best Value Committee.

2. Background

- 2.1 The new enforcement service was launched as fully operational from 1 April 2017.
- 2.2 This report gives details of progress at 25 November 2017 of ESRS and Legacy debt recovery.

3. Main report

Edinburgh Shared Repairs Service Update

- 3.1 The total number of cases in ESRS is 91. Of the 91 cases, 1 case is categorised as facilitation and will not reach the enforcement stage. Of the 90 remaining cases, 63 have been closed including four projects being rejected by the service for reasons relating to high reputational or financial risk to the Council. This represents a 70% success rate where owners have taken the project back to arrange works privately with the help of case officers to the value of £506,100. At present 13 of the 90 cases are going through the enforcement stage or have been completed. This represents 14% of all cases so far.

Panel Decisions

3.2 The Project Panel have taken a total of 24 decisions. The Panel are required to make decisions at several stages in the process as below: -

3.2.1 To consider approval of a case in intervention to enforcement;

3.2.2 To consider an application for a missing share; and/or

3.2.3 To consider additional works in enforced projects.

A summary of decisions made is included in the management information dashboards in Appendix 1.

Advice and Information and Service Development

3.3 This area of the service is where customers initially make contact to request advice and information. The service offers advice on how the customer can progress repairs through the process outlined in the Tenement (Scotland) Act 2004 using the Tenement Management Scheme (TMS).

3.3.1 Case officers and customer advisors accept requests for assistance from private property owners on the process of arranging common repairs. Tenement Toolkits are sent to customers, which includes detailed information on the process available to owners and also contains useful templates for letters, meeting minutes and voting forms. Since June 2016, 534 'Toolkits' have been requested by tenement owners. The newly designed toolkit is now available to download from the website along with a new Missing Shares leaflet.

3.3.2 The ESRS manager attended a parliamentary reception in November on Tenement Maintenance introduced by a Member of the Scottish Parliament (MSP) in conjunction with the Royal Institute of Chartered Surveyors. The topic was the requirement for new legislation and has cross party support. Following this, the ESRS manager was invited to meet with the MSP to discuss the service currently provided by the Council and the difficulties faced by owners when arranging repairs. The MSP subsequently arranged a meeting with ESRS and owners who had experience of the Missing Share scheme, enforcement by ESRS or were in the process with ESRS currently. This was a positive meeting where the issues were discussed at first hand and would inform a future parliamentary debate.

3.3.3 The ESRS manager is a member of the Tenement Action Group (TAG) and has shared the experience gained by ESRS so far, which has helped inform proposals for future legislative changes. TAG have passed these proposals to MSPs who debated the issues in Parliament on 9 January 2018. MSP's requested that the Scottish Government set up a working group to consider any legislative changes, new initiatives, enhanced use of existing rules and/or further action by local authorities that could facilitate improved upkeep of Tenement Communal Property. The Housing minister has confirmed he will invite Public consultation on the issues.

Facilitation

- 3.4 This area of the service is used when a customer has approached the service for assistance with defects on a property but, for reasons of financial or reputational risk, the service cannot assist at an enforcement level. The service can however assist the property owner in other ways; for example, corresponding with other owners at the property or contacting other Council service areas to help progress matters.
- 3.4.1 Successful closure of 4 cases has left 1 remaining facilitation project ongoing at present.

Pre-intervention

- 3.5 There are currently seven cases in the pre-intervention stage, wherein the service offers to act on behalf of the lead owner. The case officer will check liability, correspond with owners in relation to the reported defects, hold stair meetings where required and record votes for or against the repair.
- 3.6 Case officers have met owners and offered advice on current cases. Typically, owners are progressing their projects at different rates to arrange surveys, obtain quotes for work and arrange stair meetings.
- 3.7 The service is experiencing that the difficulty faced by owners are many and varied, examples of feedback received from owners is listed below:-
- Not finding fellow owners current contact details;
 - No agreement amongst owners on the scope of repairs required;
 - No engagement from fellow owners;
 - Lack of funds for repair works;
 - Contractors unwilling to provide quotes;
 - Works quotations are incomparable;
 - No owner is willing to take the lead; and
 - Owner facing property defect issue is incapable of taking the lead.

Intervention Service

- 3.8 The Intervention service is the activity undertaken following the identification of an essential repair prior to taking a decision to enforce the repair. The objective is to support owners in taking responsibility for progressing the repair privately. Included in this area of work is verification of the defect reported, a site visit and tailored communication to owners including a mandate requesting confirmation from the owners in relation to their preference for the Councils involvement going forward.
- 5 cases are on-going with mandates issued to owners.

Survey Request

Under ESRS procedures, building surveys are carried out by our in-house Chartered Building Surveyors. The costs of the surveys are recovered from owners, if owners progress the works privately.

Missing Share Cases

- 3.9 On 5 September 2017, the Finance and Resources committee approved the Councils use of the legislative powers under Section 50 of the Housing (Scotland) Act 2006 to pay funds into owners' maintenance accounts. This approval followed and completion of the pilot scheme run by ESRS in which three cases tested the Missing Shares procedure.

There has been one further case approved by the ESRS panel. In this case one share has been paid.

Successful Intervention / Cases closed

- 3.10 To date, the service has successfully intervened in, and closed, a total of 63 cases. A follow up is undertaken to check whether work has been carried out privately after three months has passed.

Private work enabled by ESRS

- 3.11 Case officers have gathered information from owners who have taken works on privately after requesting service from ESRS. The value of works confirmed by owners as having been completed privately, or in progress, amounts to approximately £506,100. This is in addition to the value of works where the Council have approved to pay missing shares. The total value of works enabled by ESRS amounts to approximately £711,500. The total financial commitment by the Council to date on these cases is £26,100, which will be recovered from liable owners.

The Enforcement Service

- 3.12 The Enforcement service is activated when all intervention services have failed to provide a platform for owners to procure the works privately.
- 3.13 Upon Project Panel approval, the project will be allocated to the surveying team for progression in accordance with standard operating procedures. The procedures include carrying out a full survey, preparation of cost estimates, preparation of risk registers, meeting owners, issuing of the Statutory Notice, tender preparation including design and specification, tender approvals, award and contract administration of the project.
- 3.14 15 projects have been approved by the ESRS Panel to progress to the enforcement stage. These projects are being progressed at various stages. Two cases have been taken back by owners, with four projects complete and billed. Of the nine open projects, one is in procurement, four are at the Survey and Cost estimate No.1 stage, while the remaining four projects are in the S24 or S26 statutory notice waiting period.

The Emergency Service

- 3.15 This part of the service intervenes when public health & safety is at risk due to unsafe buildings. The service will attend and carry out works to immediately make safe dangerous and emergency situations. The service is the first port of call for the emergency services (Fire & Police) when they are dealing with situations such as fire damaged buildings, which require specialist surveying or structural engineering intervention.
- 3.16 The majority of service requests are for drainage related works in private property where Scottish Water has no responsibility.
- 3.17 Since the last update report the service has received 68 requests for service (SR's). 51 of these were in relation to drainage repairs and 17 in relation to dangerous masonry, roofs and attendance at a fire damaged property.
- 3.18 In November, the Emergency service attended to a large stone fall from a city centre commercial property. No-one was injured in this incident, but the service advised the owners to commission a full building condition survey, and also notified the enforcing authority of the incident.
- 3.19 Also in November, the Emergency service attended a property when an out of hours request for service was received from the Fire Service. ESRS were asked to determine whether a fire damaged property was safe for owners to re-enter. The service commissioned a structural engineer and made safe the property following the recommendations received. All contractors' costs will be recovered.

Finance Update

- 3.20 The Finance part of the service deals with billing the owners for all cases completed. The owners have 28 days to pay their bills from the date of issue, after which, the case is progressed through the Council's Debt Recovery process.
- 3.21 The Management Information Dashboards include information on the Work In Progress (WIP), the level of debt recovery and bad debt provision for the service.
- 3.22 On enforced projects, the speed of payment is positive. On bills paid, 91% of these are paid within 3 months of invoice issue. The overall collection rate to date is 79%.
- 3.23 At present the forecast bad debt provision will be sufficient for 2017/18.

ESRS Business Plan

- 3.24 The ESRS Board recently approved the updated Business Plan forecast for 2018 to 2021. This shows a reduced level of budget required for ESRS to provide and operate the Emergency service, the Enforcement service and provide the statutory advice & guidance as detailed in table 1 below.

3.25 Table 1

Table 1	2018/2019	2019/2020	2020/2021
Budget Requirement	£0.99m	£0.87m	£0.85m
Previous Budget	£1.2m	£1.1m	£1.0m
Saving	£0.21m	£0.23	£0.15

- 3.26 The reduced budget reflects the assessment of the number of future cases reaching enforcement. Although the sample size is small, the percentage of cases reaching enforcement has remained at under 20% since the implementation of ESRS in 2015 and, at present, is considered a reasonable basis for the forecast. This indicates a positive change in culture where owners are taking more responsibility to arrange repairs privately. This is also reflected in the number of cases closed after successful intervention by ESRS.
- 3.27 The Budget allows for an enforcement workload of £500k in 2018/19 gradually increasing to £2m in 2020/2021. This forecast workload reduces the Surveying resource required by 50% going forward.
- 3.28 The future provision of the Emergency service remains similar to previous years with a similar level of resource required.
- 3.29 The budget also includes £200k for Missing Share payments which is a recoverable expense. A provision for bad debt has been made and will be continually reviewed, informed by the current levels of debt recovery achieved by the service.

Property Conservation Legacy Update

Project Joule - Billing and Recovery Update

- 3.30 To 25 Nov 2017, of the £17.2m billed, £13.2m has been received in payment from individual owners. A further £1.4m is in payment plan agreements. Total recovery rate in debt collected and agreed payment plans and write offs/inhibitions are £14.6m (86%).
- 3.31 Table 2 details the balance of debt outstanding in respect of all historic Property Conservation projects. This relates to both unbilled projects which were reviewed by Deloitte Real Estate and then invoiced, and to historic Property Conservation projects previously billed and where debt is outstanding.

Table 2	Deloitte Reviewed Projects	Previously Billed Legacy Projects	Total
	Value (£m)	Value (£m)	Value (£m)
Debt Outstanding	£3.8m	£2.1m	£5.9m
Total in Agreed Payment Plans	£1.4m	£0.3m	£1.7m
Debt Outstanding after Payment Plans	£2.4m	£1.8m	£4.2m

Property Conservation Projects – Legacy Defects Projects

- 3.32 All remaining legacy projects where defects were rectified have been completed.

Property Conservation Projects – Write-offs

- 3.33 There is a continued requirement to record the write-off of legacy statutory repairs debt that is outstanding and deemed uncollectable. It is recommended that the delegated authority to write-off is extended until 31 March 2019.

Property Conservation – Debt Recovery

- 3.34 A detailed report will be provided after the financial year end to the Finance and Resources Committee in relation to the outstanding liabilities.

4. Measures of success

- 4.1 To increase the numbers of owners carrying out common repair projects on their own property.
- 4.2 On Council enforced projects to minimise financial and reputational risk to the Council.
- 4.3 Maximisation of collection of outstanding Property Conservation legacy debt.

5. Financial impact

- 5.1 The financial statements include a provision of £19.3m for impairments and settlement repayments with a balance on provision of £3.1m as at 25 September 2017.
- 5.2 The adequacy of the impairment and settlement provision remains under regular review by Senior Management and the Executive Director of Resources.

- 5.3 The budget for the ESRS has been reduced to £0.9m for 2017/2018. Legacy Services 2017/2018 costs are being met from earmarked carry forward balances of £0.5m.

6. Risk, policy, compliance and governance impact

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

7. Equalities impact

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

8. Sustainability impact

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

9. Consultation and engagement

- 9.1 Not applicable.

10. Background reading/external references

- 10.1 [Report to City of Edinburgh Council, 12 February 2015, Shared Repairs Services - Development of a New Service.](#)
- 10.2 [Report to City of Edinburgh Council 11 December 2014, Shared Repairs Services - Development of a New Service](#)

Stephen S. Moir

Executive Director of Resources

Contact: Jackie Timmons, Edinburgh Shared Repairs Service Manager

E-mail: Jackie.timmons@edinburgh.gov.uk | Tel: 0131 529 4946

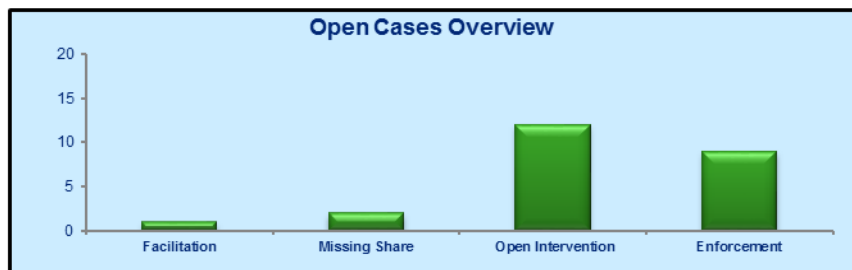
11. Appendices

- 11.1 Appendix 1 – Management Information Dashboards.

Appendix 1 - Edinburgh Shared Repairs Service Dashboard - November 2017

Monthly progress update (for reporting purposes month end is 25 November 2017)

SERVICE OVERVIEW		
The main purpose of ESRS is to support and enable owners to take responsibility for planning and organising repairs and maintenance. The ESRS Pilot ran from Sept 2015 to March 2017. The Service launched on 1 st April 2017 as fully operational.		
OVERALL STATUS	COMMENTS	RAG
Governance	The Edinburgh Shared Repairs Service and Legacy Programme will be managed overall within the Property and Facilities Management Service within Resources.	
Processes	Procedures have been finalised but will be continually reviewed. Staff have been issued with the procedures. An internal audit was completed by PWC in June 2017.	
IT	The implementation of a task based management system has been carried out. The management reporting element will be complete in 2017. The DMS will be implemented by early 2018.	
Finance	Finance processes and procedures are in place for financial management of ESRS. Approved operating budget for 2017/18 set at £1.3m, a mid year review has been undertaken.	
Procurement	ESRS Contractors framework for essential works is operational from April 2017. New CCTV, Jetting & Drainage Framework is being procured.	
People	Recruitment has commenced as required to recruit to posts currently filled by temporary staff. Recruitment of suitable technical resource to replace a Surveyor is required.	
KEY PLANNED ACTIVITIES		
A communications plan has been developed with colleagues in Communications to be rolled out over the next year. The Autumn campaign has started.		



RISK REGISTER		
TOP 5 RISKS	MITIGATION	RAG
1. Unable to recruit suitable technical resource	Risk - Recruitment challenges result in appointment of technical staff without the required experience and/or expertise. Mitigation - Two recruitment campaigns undertaken. One new campaign will recommence after the recruitment pause is lifted.	
2. CGI Finance System	Risk - Delay in changeover, lack of consultation with Finance & ESRS results in systems not meeting requirements. Mitigation - Consult with CGI to ensure that they are aware of requirements.	
3. Contractor Management of Framework Contractors KPI's etc	Risk - Lack of Contract Management of Framework Contractors leading to poor performance of contractors and reputational risk to CEC. Mitigation - to be carried out by a staff member now recruited into ESRS structure.	
4. Alignment with Property and Housing strategies	Risk - The SOP are drafted without due consideration for the policy and procedures in other areas of P& FM and Housing, leading to conflict with the Council's overall housing strategy. Mitigation - Procedural documents have been shared with relevant directorate staff. On-going consultation with colleagues in Housing.	
5. Implementation of IT Architecture for ESRS processes.	Risk - IDOX has completed the contract to improve the current case management system to implement a task based system. This project is on-going with management reporting tools still to be tested. Mitigation - IDOX have carried out this work in September 2017.	

Enforced Projects
<ul style="list-style-type: none"> Projects where an S26 Statutory Notice has been issued = 7

ESRS WEBSITE VISITS	
November 2017	12, 733





ESRS Essential Works Dashboard

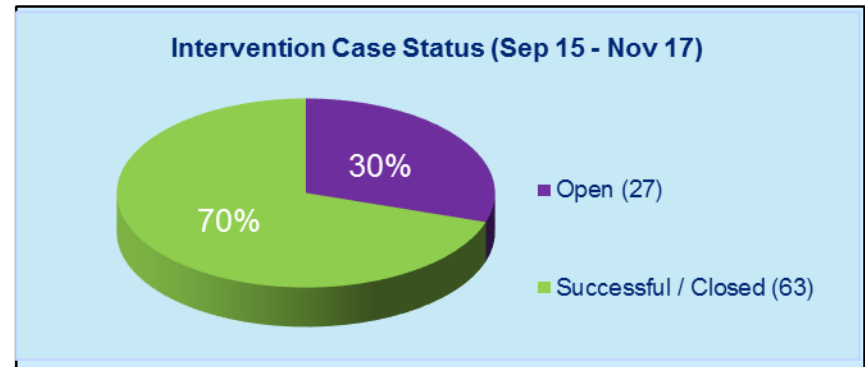
Programme dashboard as at 25 November 2017

OVERVIEW OF PROGRESS

Total number of cases has reached 91. The workload currently consists of 27 open cases with successful intervention achieved on 59 cases. The ESRS Panel has rejected four cases after it was considered that the financial or reputational risk was too high for the Council to accept. 534 Tenement Act toolkits have been issued to owners since June 2016. 47 tenements have requested toolkits since the last update report.

CUSTOMER CONTACT PROGRESS		NO.
Customer Contact:	• Sent TMS pack to owners	534

CASE WORKLOAD PROGRESS		NO.
Facilitation:	• Advice and Information only	1
Missing Share:	• Case Open	2
Intervention:	• Pre-Intervention	7
	• Intervention	5
	• Surveys	0
	• Successful Intervention / Closed Cases	63
Enforcement:	• Site Survey / S24 Notice / S26 Notice	8
	• Procurement	1
	• Projects On Site	0
	• Projects complete	4
Total Number of Cases		91



ENFORCEMENT PROJECTS WORKLOAD IN JULY (5)	MAJOR	MINOR	ESTIMATED VALUE
1. Under £10,000		3	£15k
2. Under £50,000		3	£110k
3. Under £250,00	3		£230k
4. Over £250,000			
TOTAL	3	6	£355k

PRIVATE WORKS ENABLED BY THE ESRS		
PROJECTS WORKLOAD	VALUE OF WORKS (Inc VAT)	CEC FINANCIAL COMMITMENT
Successful Intervention	£506,100	£0
Missing Shares	£205,400	£26,100
TOTAL	£711,500	£26,100

ESRS PANEL DECISIONS RECORD	APPROVED	REJECTED	TOTAL
Missing Share	4		4
Enforcement	15	4	19
Enforcement - Additional Works During Project	1		1
TOTAL	20	4	24



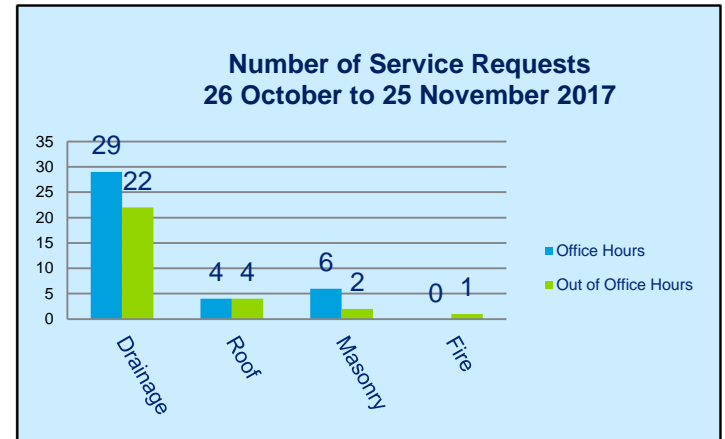
ESRS Emergency Service and Planned Drainage Dashboard

Programme dashboard as at 25 November 2017

OVERVIEW OF PROGRESS

The emergency repairs statistics provided this month are consistent with previous months. 68 requests for service recorded this month resulted in a contractor being instructed to make safe a drainage or building defects. 51 instructions were drainage related whilst the remaining 17 calls were reports of masonry, roof defects and fire damage. Advice and information was provided to customers who called to report defects which did not meet the service emergency criteria.

EMERGENCY SERVICE WORKLOAD	Sep 17	Oct 17	Nov 17
No. of service requests (Site Visits)	63	79	68
No of emergency repair inspections resulting in statutory notices issued 31(4)	42	54	55
No of drainage repairs resulting in statutory notices issued 31 (1) & (3)	0	0	2



Customer Service Dashboard

OVERVIEW OF PROGRESS

The number of customer contacts into the service has slightly reduced this month. Solicitors Enquires remain high.

FORMAL CUSTOMER CONTACTS	Sep 17	Oct 17	Nov 17
FOI's	0	0	1
SPSO Enquiries	0	0	0
Stage 1 complaints	2	1	0
Stage 2 complaints	1	2	0

ALL CUSTOMER CONTACTS	Sep 17	Oct 17	Nov 17
Solicitors Enquiries	421	507	482
Phone Calls	549	472	565
E-Mails	213	331	215
Total Customer Contacts	1183	1310	1262



ESRS Finance Dashboard

Programme dashboard as at 25 November 2017

Work In Progress (WIP)

OVERVIEW OF PROGRESS

The WIP this month includes survey costs for Essential works Projects and includes Consultant costs not yet billed.

ESSENTIAL WORKS WIP

Overall position	Sep 17	Oct 17	Nov 17
Value of Payments to Contractors	£7k	£1k	£0
Value of Invoices issued to Owners (excluding project management fee)	£23k	£0k	£0k
WIP	£7k	£8k	£8k
* Contractors retention cost still to be incurred	£6k	£6k	£6k

Debt Recovery

OVERVIEW OF PROGRESS

The overall collection rate for Enforcement works is at 80%. Of the outstanding balance, £17,286 is currently being collected through instalment plans.

ESSENTIAL WORKS

	NO OF PROJECTS	BILLED	PAID	INSTALMENT PLANS	BALANCE
Enforcement	4	£362,612	£286,569	£8,394	£67,649
Missing Share	3	£16,533	£0	£8,892	£7,641
Survey Charge	3	£3,985	£3,266	£0	£719
TOTAL	10	£383,130	£289,835	£17,286	£76,009
TOTAL BAD DEBT PROVISION FOR 2017/18					£107,117

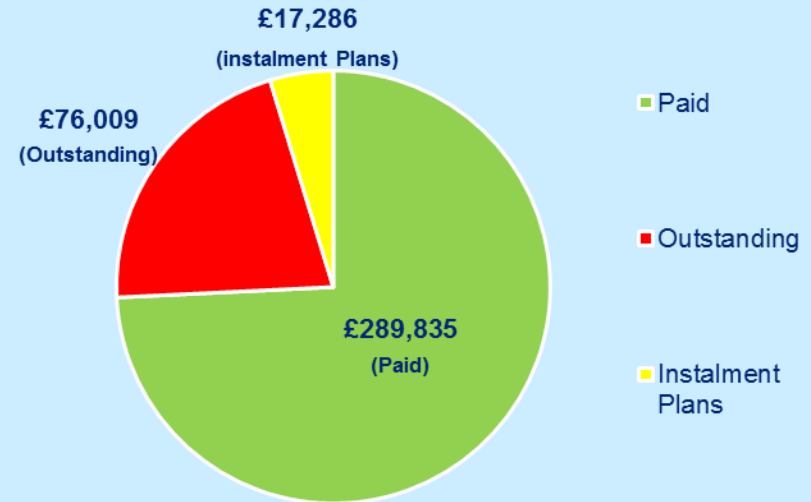
EMERGENCY WORKS

Total value of invoices issued for emergency repairs in 2016/17	£359,848.20
Total value of invoices issued for emergency repairs and Call Out Fees in 2017/18	£193,117.61
	(Current collection Rate is 78%)

Debt Recovery (Continued)

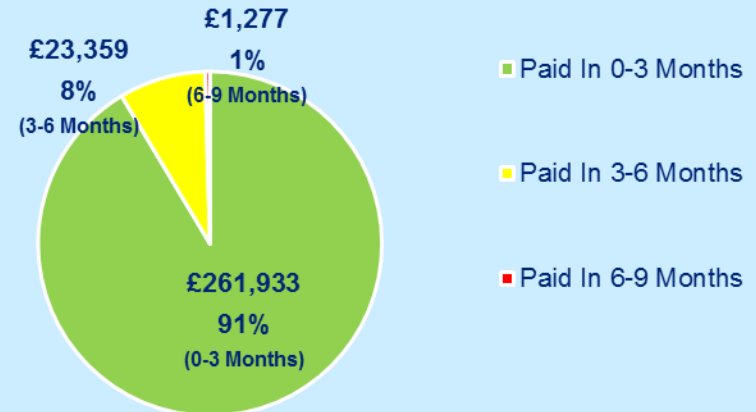
ESRS - All Projects Overview

Total Billed - £383,130



Speed of Payments for Enforced Projects

Total Paid as at 25th November 2017 is £286,569





Legacy Finance and Debt Recovery Overview

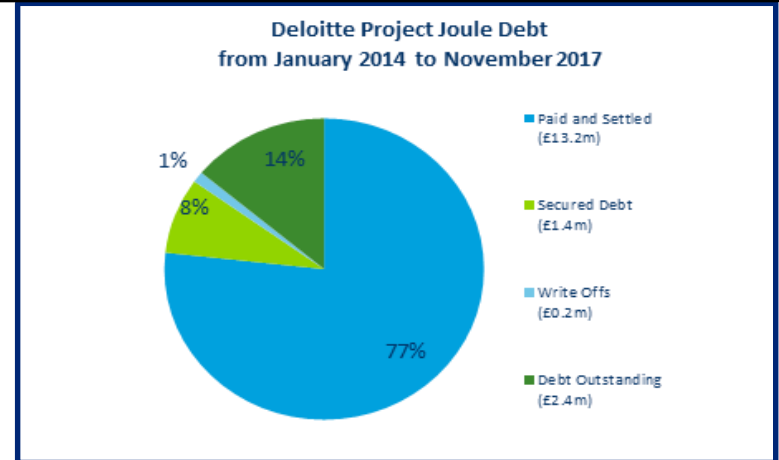
Programme dashboard as at 25 November 2017

PROGRESS

The total debt outstanding is £5.9m of which £3.8m is Deloitte (Project Joule) reviewed debt and £2.1m of Legacy debt. There is currently £1.7m in payment plan agreements, mostly relating to Deloitte reviewed projects.

Billing on Deloitte reviewed (Project Joule) cases is complete and totals £17.2m. This current collection rate is 86%. The balance of debt is £2.4m and is being actively pursued, predominantly through Morton Fraser.

Debt Status	Deloitte Project Joule	Legacy	Total
Total debt being pursued	£3.8m	£2.1m	£5.9m
Total Debt	£3.8m	£2.1m	£5.9m
Payment Plans within debt total	£1.4m	£0.3m	£1.7m
Balance of Debt	£2.4m	£1.8m	£4.2m



Provision for Impairment and Settlements

