

# Governance, Risk and Best Value Committee

10.00am, Thursday 2 February 2017

## Edinburgh Shared Repairs Service (ESRS) Update and Property Conservation – Progress Report – referral report from the Property Sub-Committee

Item number	7.6
Report number	
Executive/routine	
Wards	

### Executive Summary

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On the 30 January 2017 the Property Sub-Committee considered a report that provided details of the progress, to December 2016, of the Edinburgh Shared Repairs Service (ESRS), outlined progress with the closure of the former Property Conservation Service and detailed the results of a consultation on the requirement for new or amended legislation to encourage private owners to undertake maintenance and repairs to common elements of tenement properties. The report has been referred to the Governance, Risk and Best Value Committee for its consideration.

### Links

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<b>Coalition Pledges</b>	See attached report
<b>Council Priorities</b>	See attached report
<b>Single Outcome Agreement</b>	See attached report

# Terms of Referral

## Edinburgh Shared Repairs Services (ESRS) Update and Property Conservation – Progress Report

### Terms of Referral

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- 1.1 The Edinburgh Shared Repairs Service (ESRS) the new enforcement service was currently in its implementation phase. The service aimed to complete implementation activities prior to the launch of the full service in April 2017, as follows: Transformation service review and recruitment, governance arrangements, review of operational process and procedure, procurement of the contractors framework, ICT improvements and communications.
- 1.2 The Sub-Committee also received further information on refunds owed to customers who could not be located. This noted:
  - 1.2.1 In relation to Property Conservation complaints resolution and settlements, all 407 customers who had raised specific concerns relating to 155 Statutory Notice projects and had their cases reviewed by Deloitte Real Estate had been issued with settlement letters. 1,731 additional owners were identified as being affected by common issues in the 155 projects. All other owners had also been issued with settlement letters which brought this part of the settlement process to an end.
  - 1.2.2 The value of the “No Response” cases was £0.44m, which was made up of 442 customers who had either refused or not responded to the settlement letters sent by the Council. These cases were continuously monitored and investigative actions had been taken in an effort to trace those that were due a refund. Owners who had moved or were outwith contact and untraceable might contact the service to claim settlement.
  - 1.2.3 The Programme Board approved that the value of the “No Response” cases be retained as a credit sum within the Council’s accounts to meet any refund claim with the proviso that if anyone approached the Council, payments would be honoured, subject to ongoing review by the Programme Board.
- 1.3 Following the request from the Property Sub-Committee, ESRS officers had met with the Edinburgh Conveyancers Forum (ECF), the Chief Executive of Edinburgh Solicitors Property Centre (ESPC) and the Royal Institute of Chartered Surveyors (RICS). The findings were summarised in Appendix 2 of the attached report.
- 1.4 The Property Sub-Committee agreed:
  - 1.4.1 To note the management information dashboard reports in Appendix 1 of the report.

- 1.4.2 To note the update on the implementation of the Edinburgh Shared Repairs Service (ESRS).
- 1.4.3 To note the Consultation on Legislation Change report detailed in Appendix 2 of the report.
- 1.4.4 To refer the report to the February 2017 Governance, Risk and Best Value Committee for its consideration.

## For Decision/Action

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2.1 The Governance, Risk and Best Value Committee is asked to consider the report.

## Background reading/external references

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Minute of Property Sub-Committee, 30 January 2017

### Kirsty-Louise Campbell

Interim Head of Strategy and Insight

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## Links

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<b>Coalition Pledges</b>	See attached report
<b>Council Priorities</b>	See attached report
<b>Single Outcome Agreement</b>	See attached report
<b>Appendices</b>	See attached report

# Property Sub-Committee

10.00am, Monday, 30 January 2017

## Edinburgh Shared Repairs Service (ESRS) Update and Property Conservation – Progress Report

Item number 5.1  
Report number  
Executive/routine  
Wards

### Executive summary

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This report provides the Property Sub-Committee with a progress update for the Edinburgh Shared Repairs Service (ESRS) and Programme Momentum.

### Links

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Coalition pledges [P40](#) , [P41](#)  
Council outcomes [CO7](#), [CO19](#)  
Single Outcome Agreement [SO4](#)

## Edinburgh Shared Repairs Service (ESRS) Update and Property Conservation – Progress Report

### 1. Recommendations

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- 1.1 The Sub Committee is requested to:
- 1.1.1 Note the management information dashboard reports in Appendix 1;
  - 1.1.2 Note the update on the Implementation of ESRS;
  - 1.1.3 Note the Report – Consultation on Legislation Change in Appendix 2; and
  - 1.1.4 Note the progress of debt recovery work in Property Conservation - Project Momentum
  - 1.1.5 To refer the report to the February 2017 Governance, Risk and Best Value Committee for their consideration.

### 2. Background

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- 2.1 This report provides details of progress, to December 2016, of the ESRS, outlines progress with the closure of the former Property Conservation Service, and details the results of consultation on the requirement for new or amended legislation to encourage private owners to undertake maintenance and repairs to common elements of tenement properties.

### 3. Main report

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#### Edinburgh Shared Repairs Service (ESRS)

#### Implementation activities

- 3.1 The new enforcement service is currently in its implementation phase. The service aims to complete implementation activities prior to launch of the full service in April 2017. These are listed below:
- Transformation service review and recruitment;
  - Governance arrangements;
  - Review of Operational process and procedure;
  - Procurement of the contractors framework;
  - ICT improvements; and
  - Communications.

- 3.2 **Transformation service review and recruitment:** Any further recruitment will be held until the Business Plan and staff structure has been reviewed and approved by the Programme Board.
- 3.3 **Governance arrangements:** On 8 September 2016, the Finance and Resources Committee approved the new political governance arrangements. Updates will be reported to the Property Sub-Committee on a quarterly basis.
- 3.4 **Review of Operational process and procedure:** The standard operating procedures (SOP's), initially developed by external consultants and Council staff, continues to be reviewed by officers within the service during this phase. The recently updated version of the SOP's have been issued to officers. The SOP's will remain in draft format until full launch in April 2017. The documents are available to be viewed by committee members. The nine documents consist of the following:
- CC1 and GA1– Guidance and advice and Customer Contact;
  - INT 1 – Diagnosis of Defect and Tailored Communication to Owners;
  - INT 3 – Missing Share, payment of missing share to owners a/c, undertaking repairs;
  - EM1 and EM2 – Emergency and Essential repairs;
  - ENF1 – Scope the works required for Essential repair;
  - ENF2 – Arrange and manage essential repairs from Procurement to Completion;
  - FIN – Finance Procedures;
  - GCP – Gateways and Compliance for Projects; and
  - Governance, Policy and Performance Framework.
- 3.5 **Procurement of the contractors framework:** The evaluation of tenders for the new ESRS Contractors framework has been completed. The ESRS Award of Framework Agreement report has been recommended for approval to the Finance and Resource committee on 19 January 2017.

The framework consists of four LOTs for micro and minor works for roofing and stonework.

The operation of the framework for ESRS differs from the framework agreement which operated in Property Conservation. ESRS will tender and award each work package, under each of the framework Lots, using the agreed schedule of rates, contractors percentage adjustment and the competitively priced site specific preliminaries. This will ensure only contractors with capacity to deliver the contract works will price the work package and return a tender. Each work package will be tendered using the Public Contract Scotland procurement

system, ensuring an auditable process. A tender report will be prepared for each work package prior to award.

- 3.6 **ICT improvements:** - The new version 10 of the Uniform system is now in use. Further improvements are currently underway. This includes enhancements that allow development of workflows and tasks to manage the new ESRS processes. This workstream is programmed to be completed by mid February 2017.
- 3.7 **Communications:** Case officers from the service continue to hold drop in sessions at libraries and shopping centres in the city to offer advice to private property owners with common repair needs and make those people requiring help aware of what the Service can offer.

#### Progress Update

- 3.8 The total number of cases to 19 December 2016 is 40. Of these cases, five cases are categorised as facilitation. Of the 35 remaining cases, the service has been successful in closing 19 to date. This represents a 54% success rate where owners have taken the project back to arrange works privately with the help of case officers. At present only six of the 35 open cases have reached the enforcement stage. This represents 17% of all cases piloted so far.

#### Advice and information

- 3.9 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 outlines in the Tenement (Scotland) Act 2004 using the Tenement Management Scheme (TMS).
- 3.10 The case officer offers to send the customer an Owners Evidence pack. This pack contains detailed information on the process which is available to owners and also contains useful templates for letters, meeting minutes and voting forms. Since June 2016, 244 packs have been requested by customers.

#### Facilitation

- 3.11 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.
- 3.12 In these cases the service does assist the property owner in others ways; for example, corresponding with other owners at the property or contacting other Council departments to help progress matters.
- 3.13 There are five cases in facilitation at present.

#### Intervention Service

- 3.14 The Intervention service is made up of the activity undertaken following the identification of an essential repair and prior to taking a decision to enforce the repair. The objective is to support owners to take responsibility to progress the repair privately. Included in this area of work is diagnosis of the defect reported, tailored communication to owners and a site visit.

- 3.15 Case officers currently have nine cases with correspondence on-going with the lead owner and other owners engaging at each of these properties.

#### Missing Share Cases

- 3.16 One case has been brought to the service by owners requesting a missing share be taken up by the Council. This case has 21 owners. Twenty owners have agreed to take the works forward privately and one owner is unwilling to participate.
- 3.17 The ESRS Panel has approved and paid the funds of £7,122 into the owners' bank account to allow the owners to arrange the repair works valued at £150,000.
- 3.18 ESRS will pilot two further cases prior to a recommendation to the Property Sub-Committee that the policy is approved as permanent.

#### Successful Intervention/ Cases closed

- 3.19 The phased Implementation service has successfully intervened and closed nineteen cases in total. A follow up will be undertaken to check work has been undertaken privately after three months has passed.

#### The Enforcement Service

- 3.20 The Enforcement service is activated when all intervention services have failed to provide a platform for owners to procure the works privately.
- 3.21 Upon ESRS Panel approval the project will be allocated to the surveying team for progression through the standard operating procedures. The procedures include carrying out a full survey, preparation of cost estimates, preparation of risk registers, issuing of the Statutory Notice, tender preparation including design and specification, tender approvals and award and contract administration on site.
- 3.22 Six projects have been approved by the ESRS Panel to progress to the enforcement process. Statutory Notices have been issued on five projects.
- One project at Survey/Cost estimate No.1 stage;
  - Two projects are at tender preparation stage;
  - One project has been awarded and will be on site in January 2017;
  - One new project has started on site; and
  - One project is complete on site and in the Finance stage.

In addition to these six, one project has been taken back by owners.

- 3.23 The first major project completed by ESRS is at the finance stage where invoices will be issued to owners in February 2017. An owners meeting will be held to gather feedback and answer any queries arising at the end of the works. There are no outstanding issues with owners at present. The project remains within the cost parameters notified to owners.



### Emergency Service Update

- 3.24 This part of the service intervenes when public health and 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 when they are dealing with situations such as fire damaged buildings, which require specialist surveying or structural engineering intervention. The majority of service requests are for drainage related works in private property where Scottish Water have no responsibility.
- 3.25 Between October and December 2016, 137 emergency repairs were carried out.

### Consultation on Legislation change

- 3.26 Following the request from the Property Sub-Committee, ESRS officers have met with Edinburgh Conveyancers Forum (ECF), the Chief Executive of Edinburgh Solicitors Property Centre (ESPC) and the RICS in Scotland. The Report summarising the findings is attached in Appendix 2.

### Property Conservation

#### Delegated Authority – Irrecoverable Sums and Settlements

- 3.27 The provision for bad debt is £17.9m.
- 3.28 A total of £14.7m has been approved for write-off against the provision comprising irrecoverable sums of £7.4m, aged debt of £3.1m and a total value of £4.2m for settlements to date.
- 3.29 The balance of £3.2m on the provision is reviewed regularly by the Edinburgh Shared Repairs Senior Manager and the Acting Executive Director of Resources.

### Billing and Recovery Update

- 3.30 Billing on Deloitte reviewed projects is complete at a total of £17.5m.
- 3.31 £12.5m has been received in payment from individual owners. A further £1.1m has been secured in payment plans. Total recovery rate in debt collected and secured debt is £13.6m (78%). A sum of £0.2m has been subject to Council approved write-off for inhibition registration, recovery exhaustion and company insolvency reasons.
- 3.32 The balance of debt of £3.7m is being actively pursued, predominantly through Morton Fraser, and is at various stages of recovery.

### Debt Recovery - Morton Fraser

- 3.33 Since 1 April 2015, 687 instructions, under Project Joule including associated customer legacy debt, have been issued to Morton Fraser with a total value of £7.3m for debt collection.
- 3.34 The overall sums recovered or in payment plans secured by Morton Fraser total £3.1m over 373 customers. The outstanding balance of £4.2m, comprising

£3.7m Project Joule and £0.5 associated legacy customer debt, remains with Morton Fraser for collection.

- 3.35 The costs of Morton Fraser to date in return for the £3.1m recovery is £157k. The solicitor's fee to debt recovery ratio is £20 recovered for every £1 spent.
- 3.36 Monthly review meetings are established between the Council and Morton Fraser with performance measures, standards and reporting in place.
- 3.37 All Project Joule Statutory Notice debt related instructions are now with Morton Fraser to progress recovery action.

#### Debt Recovery - Suspended Debt

- 3.38 The suspended debt has reduced from £6.4m to zero.

#### Property Conservation Projects – Legacy Defects projects

- 3.39 One Legacy Defect project remains to be completed.

## **4. Measures of success**

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- 4.1 Collection of outstanding debt within the provision provided.
- 4.2 Launch of new replacement service.

## **5. Financial impact**

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- 5.1 The associated revenue cost in resolution of the legacy closure programme from April 2013 to March 2016 totals £7.4m.
- 5.2 The financial statements include a provision of £17.9m for impairments and settlement repayments of which £14.7m has been approved as at December 2016.
- 5.3 The adequacy of the impairment and settlement provision remains under regular review by the Head of Edinburgh Shared Repairs Service and the Acting Executive Director of Resources.
- 5.4 A budget of £1.3m has been set for the ESRS for 2016/17. The overall 2016/17 budget available for both Legacy and ESRS is £2.4m.

## **6. Risk, policy, compliance and governance impact**

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

## **7. Equalities impact**

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

## 8. Sustainability impact

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

## 9. Consultation and engagement

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9.1 Not applicable.

## Background reading/external references

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[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 -](#)

## Hugh Dunn

Acting Executive Director of Resources

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## Links

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<b>Coalition pledges</b>	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
<b>Council outcomes</b>	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
<b>Single Outcome Agreement</b>	SO4 – Edinburgh’s communities are safer and have improved physical and social fabric
<b>Appendices</b>	Appendix 1: Management Information Dashboards Appendix 2: Report – Consultation on Legislation Change

# Appendix 1 – Edinburgh Shared Repairs Service & Legacy Dashboard December 2016

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

EDINBURGH SHARED REPAIRS SERVICE		
The Phased Implementation of the new full service will take place throughout 2016/17. A Soft Launch of the new service began on 1 June 2016.		
TOP RISKS	MITIGATION	
1. No. of Phased Implementation Cases	Communications to be increased with customers to identify additional cases for Implementation Phase, linked to soft-launch after 1 June.	
2. Tender returns	ESRS Contractors Framework award recommendations to go to Finance and Resources Committee in January 2017.	
3. People	Business Plan, including staff structure, submitted to Programme Board for consideration.	
4. Staffing Structure not established for New Service	Senior Management Team in place for Phased Implementation of the New Service. Ongoing review of Business Plan.	
OVERALL STATUS	COMMENTS	
Governance	The Edinburgh Shared Repairs Service and Legacy Programme will be managed overall within the Property and Facilities Management Service within Resource in the new Council structure.	
Processes	Draft procedures are being tested during Pilot and implementation phase. Proposed changes are being tracked. Procedures have been updated internally and reissued at the end of November 2016. An internal audit was carried out by PWC in February 2016.	
IT	Work is underway to implement the operational workstream deliverables. The main focus at present is to establish the baseline for system redesign for each of the business processes. The implementation of a task based management system is commencing in January and will be complete by the end of February 2017.	
Finance	Finance processes and procedures in place for financial management of ESRS. Operating budget for 2016/17 sits at £1.3m.	
Procurement	ITT documents have been returned. Contractors framework is programmed to be in place early 2017.	
People	Recruitment is on hold until after the Business Plan review. Recruitment of suitable technical resource will continue to be reviewed.	
KEY PLANNED ACTIVITIES		
Officers are continuing to hold drop-in session in local libraries and local area Council offices to make the public aware of the new service. A communications plan has been developed with colleagues in Communications to be rolled out over the next year.		

LEGACY PROGRAMME		
A number of legacy workstreams continue to draw to a close with the billing and the settlements processes now complete and historic projects on site reaching completion.		
TOP RISKS	MITIGATION	RAG
1. Debt Recovery	Morton Fraser are leading on Debt Recovery.	
2. Bad Debt Provision	The provision will continue to be monitored and reported monthly.	
3. Settlement Process	All Settlement letters have been issued.	
4. Loss of legacy staff	Discussion with relevant Directors to ensure service is maintained.	
OVERALL STATUS	COMMENTS	RAG
Case Reviews and Settlements	All complainants and other affected owners have been issued with settlement.	
Debt Recovery	Debt outstanding is currently £7.5m. Of this debt £6.2m is being pursued through active billing, Morton Fraser recovery or other legal action. The remaining debt is being pursued for legal action.	
Projects	Defect projects handed over to ESRS from 1 January : <ul style="list-style-type: none"> <li>• 3 new complaints are being investigated.</li> <li>• 1 projects due to be programmed for completion in early 2017</li> <li>• 8 projects are in the defect period to be signed off by ESRS</li> </ul>	
Customer services	Customer contact across the legacy service shows a steady decline.	
KEY PLANNED ACTIVITIES		INFORMATION / DECISIONS
Continuation of debt recovery programme. Continuation of legacy projects. Management of closure programme timeline		Service review to be undertaken 2016/17 closure programme staffing under continual review



# ESRS Phased Implementation Dashboard

Programme dashboard as at 25 December 2016



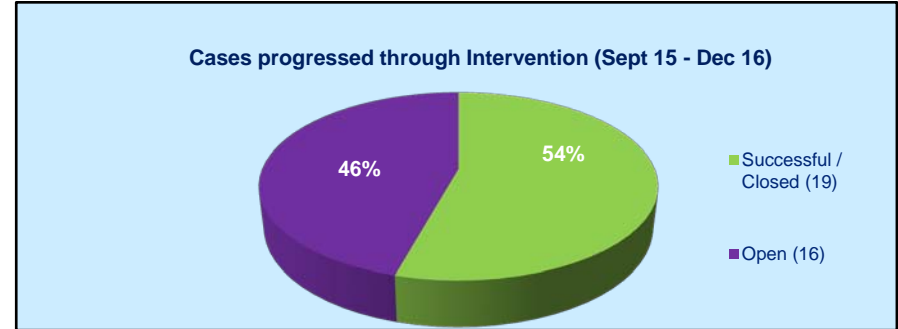
## OVERVIEW OF PROGRESS

Increases in requests for service will be reported to the Board on a monthly basis.

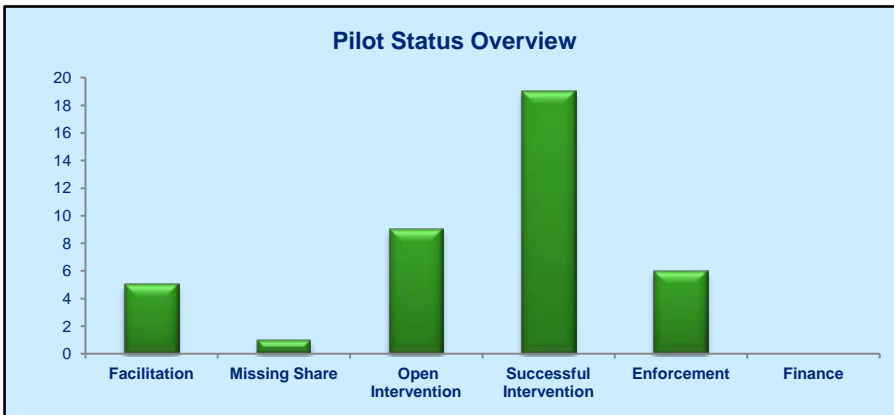
The Pilot Phase currently consists of 13 open cases with successful intervention achieved on 20 projects. The ESRS Panel has rejected one case after it was considered that the financial and reputational risk was too high for the Council to accept. 244 Tenement Act evidence packs have been issued to owners since June 2016.

CUSTOMER CONTACT PROGRESS		NO.
<b>Customer Contact:</b>	• Sent TMS pack to owners	244

CASE WORKLOAD PROGRESS		NO.
<b>Facilitation:</b>	• Advice and Information only	5
<b>Missing Share:</b>	• Case Open	1
<b>Intervention:</b>	• Pre-Intervention	7
	• Intervention	2
	• Successful Intervention / Closed Cases	19
<b>Enforcement:</b>	• Site Survey / S24 Notice / S26 Notice	1
	• Procurement	3
	• Projects On Site	1
	• Projects complete	1
<b>Finance:</b>	• Final Account issued	
	• Invoices issued to owners	
<b>Total Number of Cases</b>		<b>40</b>



ENFORCEMENT PROJECTS WORKLOAD	MAJOR	MINOR	ESTIMATED VALUE
1. Under £10,000			
2. Under £50,000		2	£64k
3. Under £250,00	3		£223k
4. Over £250,000	1		£364k
<b>TOTAL</b>	<b>4</b>	<b>2</b>	<b>£651k</b>



ESRS PANEL DECISIONS RECORD	APPROVED	REJECTED	TOTAL
Missing Share	1		1
Enforcement	7	2	9
Enforcement - Additional Works During Project	1		1
<b>TOTAL</b>	<b>9</b>	<b>2</b>	<b>11</b>



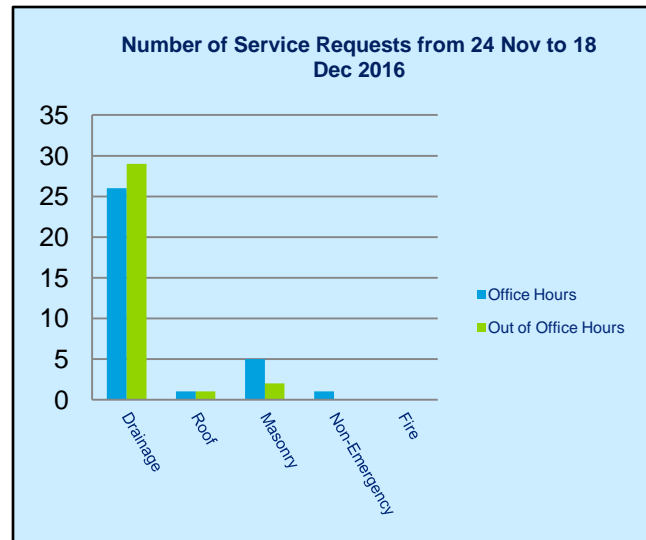
# Emergency Service Dashboard

Programme dashboard as at 25 December 2016

## OVERVIEW OF PROGRESS

All Statutory Notices issued this period were drainage related. Customers advising the service of dangerous building issues were provided with advice and information to enable them to take forward private repairs. The majority of these were not deemed to be dangerous and were more related to lack of building maintenance being undertaken by the owners. On these occasions all owners are written to and made aware that they need to make arrangements to rectify the defects.

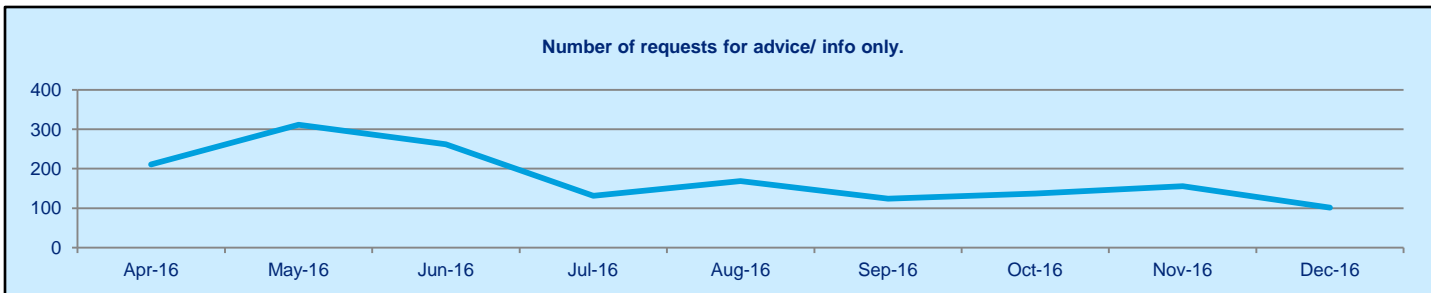
EMERGENCY SERVICE WORKLOAD	Oct 16	Nov 16	Dec 16
No. of service requests (Site Visits)	53	61	64
No of emergency repair inspections resulting in statutory notices issued 31(4)	44	43	50
No of drainage repairs resulting in statutory notices issued 31 (1) & (3)	0	0	0
No. of Emergency service requests where information / advice was provided	10	18	14
Total value of invoices issued to owners for emergency repairs in financial year 2016/17	£289,507.79 (Current collection rate is 86%)		



## Customer Services

### OVERVIEW

The Statutory Notices issued this month have increased as have the Service Requests due to the winter weather.



**SOLICITOR ENQUIRES RECEIVED**

**347**

**ESRS WBSITE VISITS**

**3,028**



# Finance and Debt Recovery Overview

Programme dashboard as at 25 December 2016

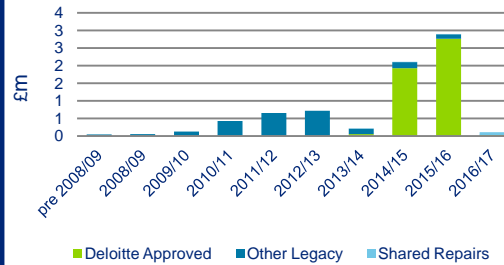


## PROGRESS

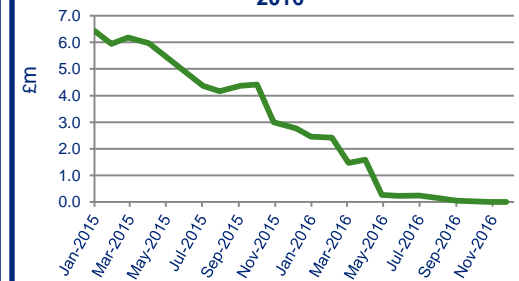
The current level of debt outstanding is £7.5m of which £4.8m is Deloitte (Project Joule) reviewed debt and £2.7m of Legacy and Shared Repairs debt. A total of £6.2m is being pursued through active billing. Debt of £1.3m is being prepared for legal action. Suspended debt has been managed down from a position of £6.4m in January 2015 to zero.

Debt Status	Deloitte Project Joule (Reviewed)	Legacy And Shared Repairs	Total
Total debt being pursued	£4.7m	£1.5m	£6.2m
Total debt scheduled for action	£0.1m	£1.2m	£1.3m
<b>Total Debt</b>	<b>£4.8m</b>	<b>£2.7m</b>	<b>£7.5m</b>
Payment plans and inhibitions agreed within debt total	£1.1m	£0.2m	£1.3m

### Aged Debt As At 25 December 2016 By Year



### Suspended Invoice Balance Outstanding As At 25th December 2016

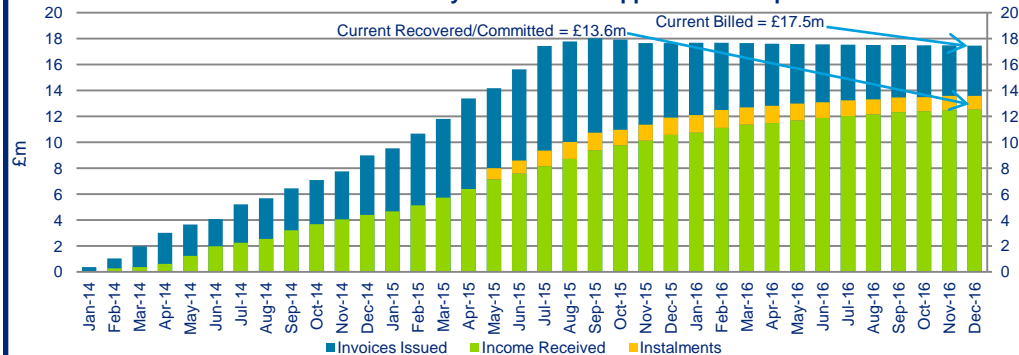


# Project Joule Billing and Recovery Progress

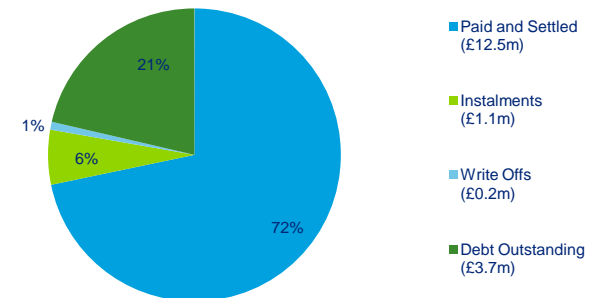
## PROGRESS

Billing on Deloitte reviewed (Project Joule) cases is complete and totals £17.5m. £12.5m has been received in settlement and a further £1.1m of secured debt in payment plans giving a total of settled and secured debt of £13.6m. This represents a current collection rate of 78%. £0.2m has been written off for inhibitions, recovery exhaustion and insolvency reasons. The balance of debt is £3.7m and is being actively pursued, predominantly through Morton Fraser.

### Cumulative Analysis of Deloitte approved stat repair debt



### Deloitte Project Joule Debt from January 2014 to December 2016

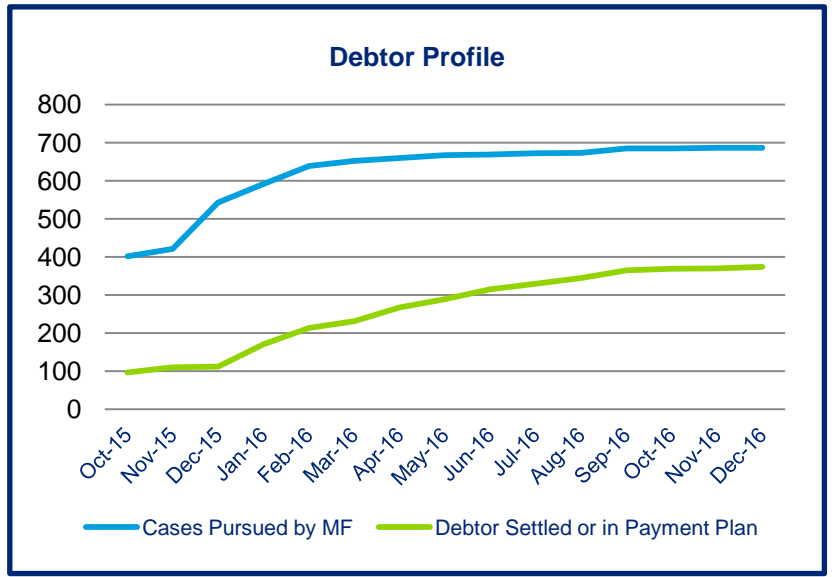
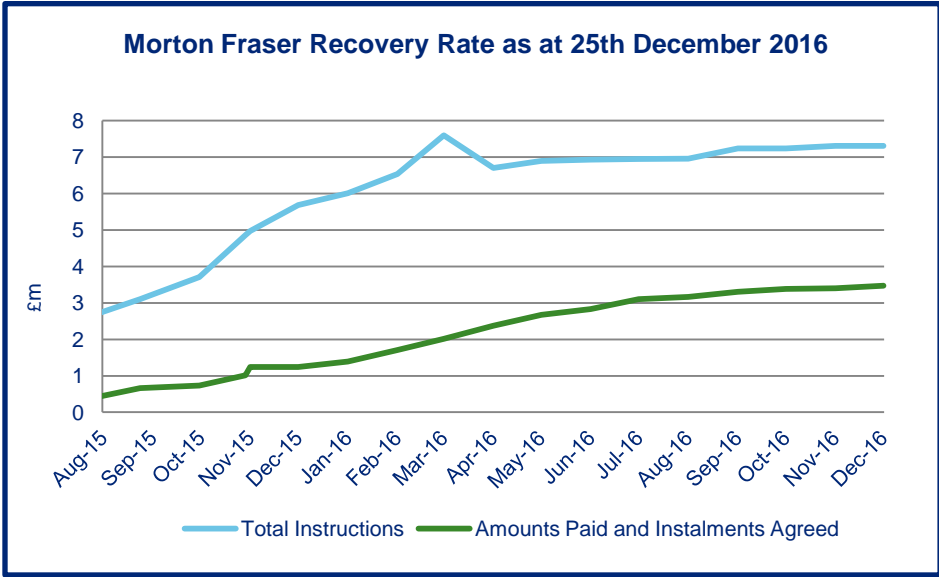
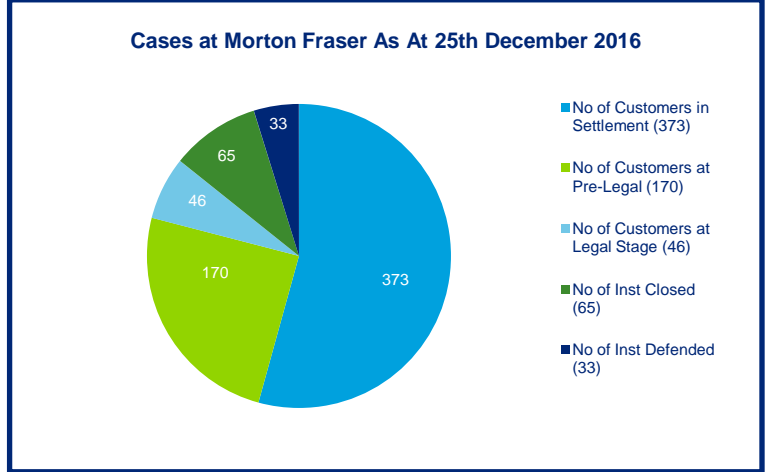




### PROGRESS

Under the extended contracted arrangements, Morton Fraser took on responsibility for statutory notice debt recovery in April 2015. To date, 687 instructions have been issued to Morton Fraser with a total value of £7.3m for debt collection. Since April 2015 the overall sums settled or in payment plans total £3.1m over 373 customers, 170 cases are at pre legal stage, 46 at legal stage with 65 cases closed and 33 being defended.

Morton Fraser Debt Recovery Cases pursued by the Council	Sep-16	Oct-16	Nov-16	Dec-16
Total debt recovery cases pursued by Morton Fraser	685	685	687	687
Total value of instructions issued	£7.2m	£7.2m	£7.3m	£7.3m
Total debtors settled or in payment plan	365	366	367	373
Total sum recovered or in payment plan	£3.1m	£3.1m	£3.1m	£3.1m
Total sum recovered in payment plan as % of debt recovery	43%	43%	42%	42%







# Provision for Impairment and Settlements

Programme dashboard as at 25 December 2016

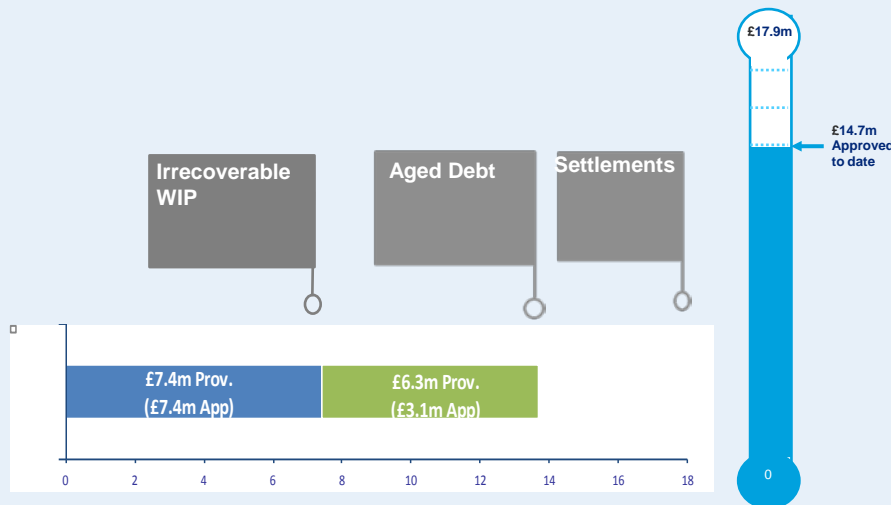


## PROGRESS

The provision recommended for impairment and settlement repayments is £17.9m. The basis of the provisions are as follows:

- **Irrecoverable WIP (£7.4m)** – This is based on the actual final sum of £6.4m for the Deloitte (Project Joule) Review outcomes on Irrecoverable Work-In Progress. In addition £1.0m provision has been made for Irrecoverable WIP for Non-Deloitte old legacy work remedial projects, old unbilled Emergency Work and door closed entry systems.
- **Aged Debt (£6.3m)** – An overall collection rate of 56% is required to ensure adequacy of provision.
- **Settlements (£4.2m)** – Work on settlements is near final with a write off sum of £4.2m.

## Provision for Impairment and Settlements



### Impairments to date Deloitte –Project Joule

-Delegated authority (<£50k)  
**£ 2,301,517**

-Board approved (£50k-£100k)  
**£ 1,323,881**

-Committee approved (>£100k)  
**£ 3,044,271**

-Non Deloitte – Legacy(<£50k)  
**£745,002**

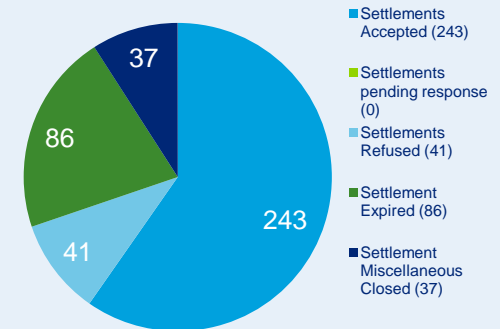
**Total**  
**£ 7,414,671**

-Debt Recovery  
**£3,071,894**

-Settlements approved  
**£ 4,237,716**

**Total £14,724,281**

## Complainant Closure Status



# Appendix 2 – Consultation on Legislation Change

## 1. Background

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- 1.1 In piloting the new Edinburgh Shared Repairs Service (ESRS), it has been established that private owners face many difficulties in relation to arranging these repairs.
- 1.2 45% of the housing stock in Edinburgh is tenemental and the difficulties faced by tenement owners in agreeing to have common repairs carried out has led to the condition of private property being in many cases below acceptable standards. The continual deterioration may ultimately cause higher levels of public safety issues for the Council and owners to resolve.
- 1.3 At present the Council use The City of Edinburgh District Council Order Confirmation Act 1991 to allow emergency situation to be made safe and also enforce permanent repairs. However, this legislation does not force owners to take control of the repair themselves.
- 1.4 There is alternative legislation which includes obligations for owners to maintain and repair their property such as the Housing (Scotland) Act 2006 and the Tenement (Scotland) Act 2004. Owners have the option to use their powers under these Acts to enforce repairs on their fellow neighbours. The Council have additional powers in the Housing (Scotland) Act 2006 to force owners to provide maintenance plans and undertake works in default of the owners, and to pay missing shares.

## 2. Main report

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- 2.1 Between October and November 2016, ESRS officers met with two organisations concerned with the selling and purchasing of tenemental properties in Edinburgh. These were the Edinburgh Conveyancers Forum (ECF) and the Edinburgh Solicitors Property Centre (ESPC).  
ECF
- 2.2 The members of the forum agreed that poor maintenance is prevalent in the city and that there is a requirement for a change in culture amongst owners towards the responsibility for tenemental repairs.
- 2.3 The forum members suggested that improvements could be made to the Home Buyers Report to add the requirement for owners to provide maintenance plans and to encourage membership of stair residents associations.

- 2.4 The forum members also suggested that construction industry professionals in Edinburgh could offer annual surveys of tenements and noted that there was an opportunity present for local business to assist in providing a solution to the issue of lack of maintenance. This would also raise awareness to owners of the need to maintain properties.
- 2.5 Other ECF suggestions included the provision of a sinking fund for properties held by the Council, collection of funding for repairs through Council tax and levy's on tenement owners to contribute to repair costs.

### ESPC

- 2.6 Officers met with the Chief Executive of the ESPC who also agreed and recognised the need for a system to enable repairs to tenements through-out the city. The discussion mirrored the views of the ECF. It was agreed that the ESRS and ESPC would further explore the potential for joint working and activity. These could include drop-in sessions at the ESPC shop front, speaking sessions at ESPC-hosted events and advertising in ESPC publications.

### RICS

- 2.7 Officers also met with the Royal Institution of Chartered Surveyors (RICS) to discuss a report they submitted to the Minister for Housing in December 2016. In this paper, the RICS propose an initiative that encourages owners of properties in common ownership to have a building condition survey undertaken on a five yearly basis. This suggestion is called the Tenement Health Check Policy. This would be a voluntary scheme that is accompanied by Government funding for surveys of tenemental buildings. RICS propose that the Tenement Health Check Surveys would be held centrally by the Scottish Government and available to prospective buyers, thus plugging a gap in the current Home Buyers Report system.
- 2.8 The Tenement Health Check would be an in depth survey which includes approximate costs and has a traffic light system for prioritising repairs. The 'Gold Standard' would be achieved if a property has additional measures in place such as residents committee, maintenance account and maintenance plan.
- 2.9 At the time of writing, the Government's response to the RICS proposal is awaited.

## **3. Conclusions**

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- 3.1 The Council's ESRS reacts to requests for service from tenement owners. The Council's objective in the new service is to encourage owners to take responsibility for repairs themselves rather than rely on the Council's power to

enforce repairs. The new service has tested cases in the Pilot and has achieved a success rate of 60% of cases where owners who requested service went on to arrange the works privately, allowing the Council to close the case. However the power to enforce statutory repairs is still the only option for some owners where they have difficulty in engaging with their fellow neighbours. Of all cases in the pilot only 20% reached the enforcement stage where the Council will undertake repairs in default of owners.

- 3.2 The Council's introduction of the Missing Share policy Pilot will also enable owners to avoid enforcement of repairs by the Council. The pilot has enabled a repair worth approximately £150,000 to be taken forward by owners with less than £10,000 committed by the Council to be recovered from owners.
- 3.3 The Council's approach to repairs and maintenance is based on the use of available legislation, specifically the Tenements (Scotland) Act 2004, the Housing (Scotland) Act 2006 and the City of Edinburgh District Council Order Confirmation Act 1991. The Service combines this approach with "cultural support" activities designed to encourage owners to carry out their own repairs and maintenance projects.
- 3.4 Through increasing links and activities with bodies such as the ECF, ESPC, RICS, COSLA and Scotland's Housing Network (SHN), the ESRS will continue to both contribute to and respond to changes in practice and legislation across Scotland.

## 4. Contact Details

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