

# Governance, Risk and Best Value Committee

10.00am, Thursday, 2 February 2017

## Property Conservation – Project Closure Review

Item number 7.7  
Report number  
Executive/routine  
Wards

### Executive summary

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At the GRBV Committee meeting on 22 December 2016, the Committee took the following decision:

*With the legacy statutory repairs resolution projects now close to completion, the Governance, Risk and Best Value Committee requests that Internal Audit conducts a 'project closure' review to establish if there are any lessons to be learned for the future. The terms of reference would be developed by the Chief Executive in consultation with the Conveners of the Governance, Risk and Best Value Committee and the Finance and Resources Committee. The proposed terms of reference would come to the Governance, Risk and Best Value Committee in February 2017 for approval.*

This reports sets out the proposed Terms of Reference for the Internal Audit 'project closure' review.

### Links

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Coalition pledges  
Council outcomes  
Single Outcome Agreement

## Property Conservation – Project Closure Review

### 1. Recommendations

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- 1.1 It is recommended that the Committee approves the proposed Terms of Reference for the planned 'Project Closure' review to be conducted by Internal Audit.

### 2. Background

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- 2.1 Following a high number of complaints and allegations of impropriety which prompted a Police investigation, the Council took the decision in 2011 to close the Property Conservation service.

- 2.2 The closure of the service required:
- The completion of ongoing works and rectification of identified defects;
  - The assessment of the collectability and subsequent billing of the un-billed WIP balances held by the Service;
  - The resolution of complaints by dis-satisfied customers; and
  - The collection of funds owed by customers for works undertaken.

- 2.3 These processes were close to completion by the end of 2016 and on 22 December 2016, the GRBV Committee took the following decision:

*With the legacy statutory repairs resolution projects now close to completion, the Governance, Risk and Best Value Committee requests that Internal Audit conducts a 'project closure' review to establish if there are any lessons to be learned for the future. The terms of reference would be developed by the Chief Executive in consultation with the Conveners of the Governance, Risk and Best Value Committee and the Finance and Resources Committee. The proposed terms of reference would come to the Governance, Risk and Best Value Committee in February 2017 for approval.*

### 3. Main report

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- 3.1 In response to this decision, Internal Audit developed proposed Terms of Reference for a 'project closure' review of the Property Conservation closure process.

- 3.2 The Terms of Reference developed are set out in Appendix 1.

#### **4. Measures of success**

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- 4.1 The Council learns the lesson arising from the process of closing the legacy Property Conservation service.

#### **5. Financial impact**

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- 5.1 No direct financial impact.

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

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- 6.1 The identification of the lessons arising from the closure of the legacy Property Conservation Service should inform the Council's governance and control arrangements and reduce the risk of similar events recurring. Cognisance of the lessons learned would also assist the Council in responding should a similar situation occur in future.

#### **7. Equalities impact**

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- 7.1 There are no adverse equalities impacts arising from this report.

#### **8. Sustainability impact**

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- 8.1 There are no adverse sustainability impacts arising from this report.

#### **9. Consultation and engagement**

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- 9.1 The Internal Audit team consulted with representatives from Corporate Property and Facilities Management, Legal, Risk and Compliance, the Central Leadership Team and elected members during the development of the proposed Terms of Reference.

#### **10. Background reading / external references**

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- 10.1 None

### **Magnus Aitken**

Chief Internal Auditor

## Links

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**Coalition pledges**

**Council outcomes**

**Single Outcome**

**Agreement**

**Appendices**

Appendix 1 - Internal Audit Terms of Reference: Property  
Conservation – Project Closure

## Corporate Property and Facilities Management

### Terms of Reference – Property Conservation – Project Closure

To: Andrew Kerr – Chief Executive

From: Magnus Aitken - Chief Internal Auditor

Date: [insert date]

Cc: Hugh Dunn – Acting Director of Resources  
Peter Watton – Head of Corporate Property & Facilities Management  
Andrew Field – Head of Edinburgh Shared Repairs  
Nick Smith – Head of Legal Risk & Compliance

#### Background

The legacy statutory repairs resolution projects are now close to completion. At its meeting on 22 December 2016, the Governance, Risk and Best Value Committee requested that Internal Audit conduct a project closure review to establish whether there are any lessons to be learned from the Council's handling of the Property Conservation service closure.

#### Scope

The scope will be to review the closure of the former Property Conservation service and the Council's response to complaints about legacy statutory repairs, and identify lessons to be learned for the future.

This includes, and is limited to, a review of:

- The completion of 'active sites' and the cessation of activities by the Property Conservation service, subsequent to the decision to close the service;
- The process of determining the recoverability of the un-billed WIP at cessation and its subsequent billing – Project Joule;
- The Council's handling of and response to complaints from owners – the Resolution Team / Panel and their subsequent replacement by Project Momentum ; and
- The management of the debt collection process and its adherence to the Council debt collection policy.

For each stage we will consider:

- Governance and decision-making arrangements;
- Application and adequacy of Council procedures and policies; and
- The level of the Council's engagement with and communication to owners.
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## Limitations of Scope

The scope of our review is outlined above. This review will not include investigations into or assessments of the validity of decisions made in individual cases.

As part of this process, we may seek to contact individuals who are not Council employees. These individuals may exercise their right not to enter into communication with us.

This review will not involve the review of individuals email accounts, nor will it involve any physical searches for documentation.

The scope also excludes consideration of the new Shared Repairs Service. This was the subject of a 'Review Recommend' completed by Internal Audit in January 2016. The new service will be revisited by Internal Audit in 2017/18.

## Approach

Our audit approach is as follows:

- Obtain an understanding of the Property Conservation service closure and resolution projects through discussions with key personnel;
- Review available project and case documentation; and
- Consider the appropriateness of the approaches adopted during the Property Conservation service closure and resolution processes; and
- Consider whether there are any lessons to be learned for the future.

## Key Contacts

Name	Title	Role	Contact Details
Andrew Kerr	Chief Executive	Review Sponsor	0131 469 3002
Hugh Dunn	Acting Head of Resources	Review Sponsor	0131 469 3150
Peter Watton	Head of Corporate Property	Key Contact	0131 529 5962
Andrew Field	Head of Shared Repairs Service	Key Contact	0131 529 7354
Nick Smith	Head of Legal Risk & Compliance	Key Contact	0131 529 4377
Jackie Timmons	Shared Repairs Manager	Key Contact	0131 529 4946
Linda Murray	Property Conservation – Finance Manager	Key Contact	0131 529 4540