

# Finance and Resources Committee

10.00am, Thursday, 30 October 2014

## Property Conservation – Progress Report

Item number	7.21
Report number	
Executive/routine	
Wards	All

### Executive summary

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

### Links

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Coalition pledges	<a href="#">P40</a> , <a href="#">P41</a>
Council outcomes	<a href="#">CO7</a> , <a href="#">CO19</a>
Single Outcome Agreement	<a href="#">SO4</a>

## Property Conservation – Progress Report

### Recommendations

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The Committee is requested:

- 1.1 To note the progress made to date on the programme.
- 1.2 To note the management information dashboards in Appendix 1.
- 1.3 To note the progress and next steps in the development of the blueprint, costed business plan and implementation plan for the new service.

### Background

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- 2.1 Programme Momentum has been established as a robust end-to-end process across all workstreams relating to legacy Statutory Notice issues, including the development of the blueprint for the new enforcement service.
- 2.2 This report sets out progress during September 2014.

### Main report

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#### Programme Momentum Progress

- 3.1 Programme Momentum was established during July 2014. This report provides a progress update for Programme Momentum. The programme is entering week 11 at the time of writing and work completed to date includes:-
  - The set up of the programme management office and new governance arrangements.
  - The consolidation of management information and the design and production of a new MI monthly pack by September 2014 as previously agreed.
  - A review of existing processes and workstreams and the production of a recommendation report for the legacy service.
  - A new interim organisational structure implemented on the basis of recommendations to ensure the effective closure of the legacy service and transition into the new service.
  - The development and implementation of policies and procedures for the complaints cases to provide a consistent and robust methodology for resolution of outstanding cases.
  - The consolidation of unbilled and complaints case reviews into a single workstream and a re-prioritisation of these cases.

- The blueprint, costed business plan and implementation plan for the new service are on schedule to be submitted to the Finance and Resource Committee in November 2014.
- The programme remains on schedule with key risks and issues being managed by the programme office and the programme board.

### Management Information

- 3.2 It was identified last month that it is proving challenging to extract accurate finance metrics from the current systems. Further work has been undertaken in the period in conjunction with colleagues in Finance, Shared Repairs and BT to reconcile the existing finance systems and to develop a unified reporting system to give a single consistent source of financial information for the service going forward. The full set of dashboard reports are provided in Appendix 1.

### Case Reviews

- 3.3 Work on case reviews is continuing following the re-prioritisation of the deferred cases and the Project Joule cases. In addition, work has been undertaken to monitor, identify and improve the progress of cases following the review process to ensure a continued emphasis on case closure.

### New Service

- 3.4 Significant work has been completed in recent months to inform the detail of the blueprint, costed business plan and implementation plan. This includes a detailed assessment of risk to ensure that the lessons learned from the previous service have been built into the process design. Factors considered include:
- governance;
  - operational procedures;
  - procurement and contract management;
  - customer services;
  - communications;
  - financial control; and
  - IT systems and other issues
- 3.5 This assessment has also incorporated an analysis of the likely demand for the service which has been essential to allow robust planning of the resource requirements and projected workflow. Customer and stakeholder consultation has also been carried out through a series of focus groups and the results of this engagement are being factored into the detailed process design.
- 3.6 Early drafts of the new service blueprint, costed business plan and implementation plan have now been produced and a workshop is scheduled for 21 October 2014 to allow the Programme Board the opportunity to review this draft documentation in greater detail. Additional consultation dates for party

group briefings for Elected Members will be held in November and notified in due course. A data room will also be made available Members to view the final drafts of the plan.

- 3.7 The completed blueprint, costed business plan and implementation plan for the new service are on target to be considered by the Finance and Resources Committee on 27 November 2014.

## **Measures of success**

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- 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**

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- 5.1 Significant financial issues with a collective value of approaching £30 million require to be concluded and resolved.

## **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.

## **Equalities impact**

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

## **Sustainability impact**

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

## **Consultation and engagement**

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- 9.1 Not applicable.

## **Background reading/external references**

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[Report to Finance and Resources Committee 30 September 2014 - Programme Momentum Progress Report](#)

[Report to Finance and Resources Committee 28 August 2014 - Programme Momentum Progress Report](#)

[Report to Finance and Resources Committee 30 July 2014 - Property Conservation Closure and New Service Programme - Progress Report](#)

[Report to Finance and Resources Committee 5 June 2014 - Property Conservation - Complaints Resolution](#)

[Report to Finance and Resources Committee 7 May 2014 - Property Conservation - Complaints Resolution](#)

## **Alastair Maclean**

Director of Corporate Governance

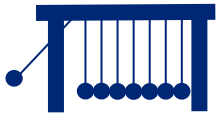
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## **Links**

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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



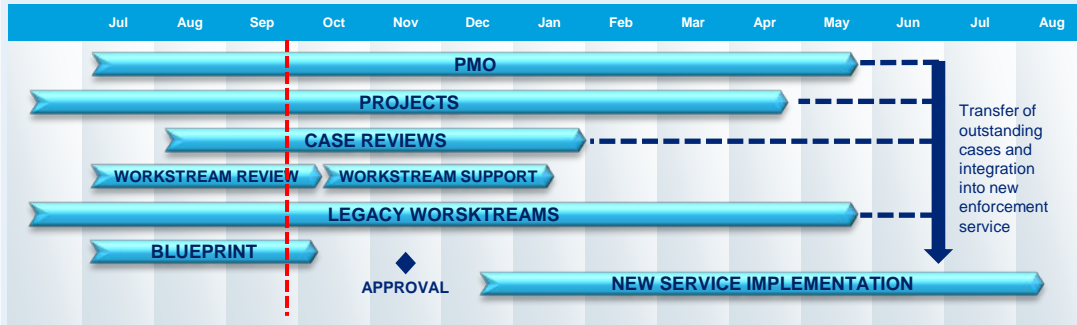
# Programme Momentum Dashboard September 2014

Monthly progress update

## OVERVIEW OF PROGRESS

The programme is entering week 11 and work completed to date includes: the set up of the programme management office and new governance arrangements; the consolidation of Management Information and the production of a new MI monthly pack; a review of existing processes and workteams and a new interim organisational structure implemented on the basis of recommendations; Recruitment processes are underway to fill identified vacancies; policies and procedures for the complaints cases are in place and the case review work is ongoing; and a blueprint, costed business plan and implementation plan for the new service have been produced .

## TIMESCALES



TOP RISKS	MITIGATION	RAG
1. Financial / IT Systems	Develop trackers to monitor legacy closure	Red
2. Recruitment	Accelerate organisational development review of service	Red
3. Bad Debt Provision	Monitor assumptions and adjust provision as required	Red
4. Complaints Handling	Implement org structure changes and recommendations	Red
5. Legacy & New Service Budget	Monitor legacy spend and agree new service budget	Red

OVERALL STATUS	RAG	COMMENTS
CUSTOMER SERVICES	Yellow	New team structure implemented and supported by Customer Hub
FINANCE	Red	New reporting system in place and trackers in development
PROJECTS	Yellow	Projects ongoing. Additional project management support introduced
LEGAL	Yellow	Additional resource identified and processes developed around policies
CASE REVIEWS	Yellow	Case schedule confirmed, trackers developed and reviews ongoing
SHARED REPAIRS SERVICE	Green	SRS activities are well managed and there are no key risks or issues
NEW SERVICE BLUEPRINT	Green	Draft blueprint, business plan and implementation plan completed

## INFORMATION / DECISIONS

1. Agree draft new service blueprint, business plan and implementation plan
2. Approve workstream recommendation report
3. Approve debt policy recommendations
4. Approve accelerated organisational review
5. Ongoing approvals of irrecoverable WIP and settlements

## KEY PLANNED ACTIVITIES

1. Implement & monitor interim restructuring
2. New service workshop with Programme Board
3. Implement work stream recommendations
4. Finalise settlement procedures
5. Develop communications plan





# Projects

Programme dashboard as at 25 September 2014

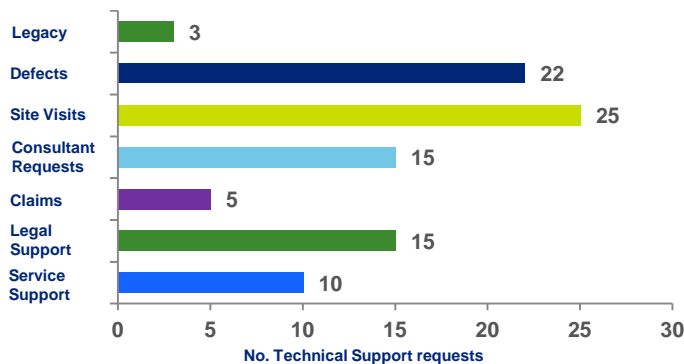


## Progress

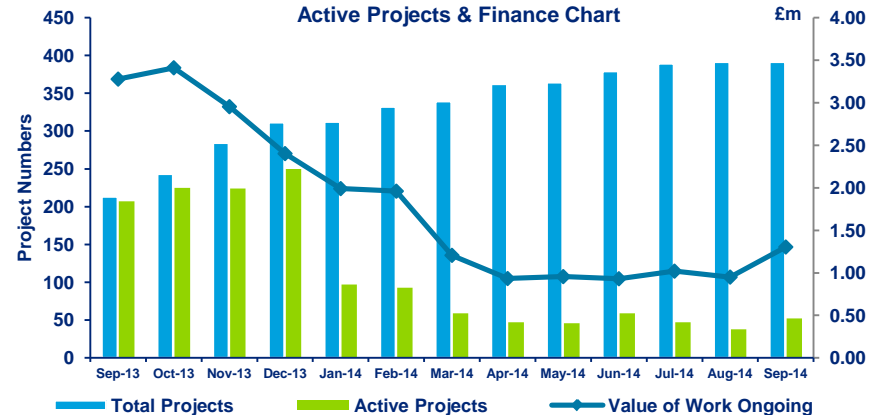
Thomson Bethune continue to provide technical support to the programme and the delivery of ongoing projects and defects works arising from the case reviews. Procurement procedures have been reviewed and streamlined processes are being developed, however there still remains a need for an improvement in procurement timescales in order to achieve suitable progress. The extension to the current contract for Thomson Bethune has been approved. New technical posts are to be advertised for permanent CEC staff who will work alongside Thomson Bethune to ensure knowledge and skills transfer is completed as part completion of legacy activities and transfer to the new service. This dashboard provides the status of current project activity and a forecast of future technical support requirements resulting from the case review workstream.

Category	Qty	Value (£m)	Status		Comments
			Pre Contract	Post Contract	
Legacy Projects	19	£585,891	10	9	Neither Joule nor Deferred - largely recoverable
Defect Projects	13	£322,784	5	8	Defect work - largely unrecoverable
Site Inspections	0	£0.00	n/a	n/a	To confirm completion of work
Consultant Requests	16	£93,530	8	8	Projects that require consultant action to conclude
Claims	8	£50,000	0	8	CEC defending ongoing contractor/consultant claims
Legal Support	3	£234,000	3	0	Assistance in relation to debt/litigation
Service Support	2	£1,000	2	0	Assistance with FOIs and other technical support
<b>Complete</b>	<b>330</b>	<b>£21,417</b>	<b>0</b>	<b>330</b>	Initial action or works on site completed. Retentions and costs still to come.

**Estimated Pipeline**  
(to end Jan 15)



**Active Projects & Finance Chart**





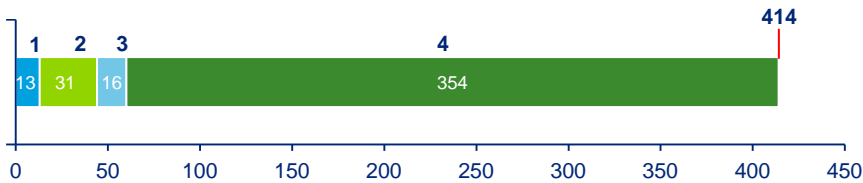
# Case reviews

Programme dashboard as at 25 September 2014

## Progress

The case review workload from both the legacy unbilled projects and the complaints cases has been consolidated and the review of remaining cases is ongoing. The team structure has been amended and a new Case Review Manager has been appointed to oversee all unbilled and complaints case reviews. The recent meetings with consultants has uncovered some of the missing critical information and there now remains only 13 in this category. Further meetings on these projects are planned in the next period. The pipeline of complaints cases is now moving forward steadily and offer / settlement letters are being issued on a weekly basis as these case reviews are completed. The current programme shows completion of all case reviews by January 2015.

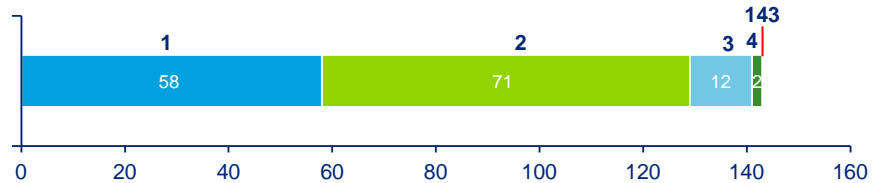
## Unbilled 'Joule' Reviews



### Stage

- 1 = Projects with missing critical information
- 2 = Ongoing reviews
- 3 = QA and panel stage
- 4 = Released for further action or billing

## Complex Complaints Case Reviews



### Stage (projects)

- 1 = Review not started
- 2 = Review ongoing
- 3 = Settlement offer
- 4 = Case Closed

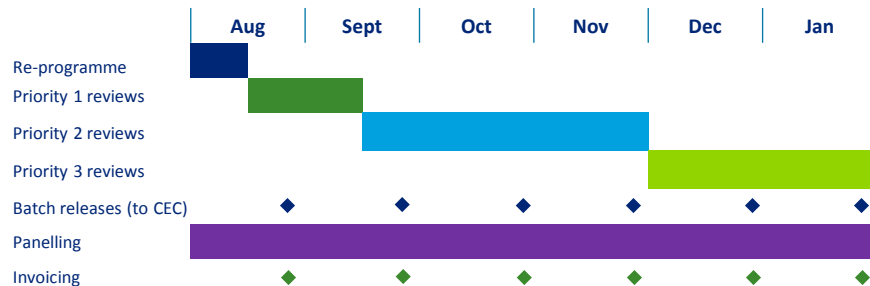
## Metrics

Value Reviewed 391 projects	Recommended Recovery 391 projects	Value released 354 projects	Recommended Recovery 354 projects	Total Invoiced	Total Recovered
£16.58m	£12.93m	£12.70m	£10.27m	£6.45m	£3.03m

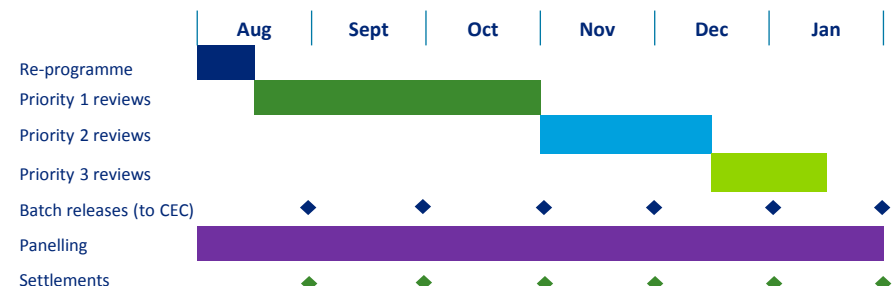
## Metrics

No. Individual Offers (issued to date)	£ Individual Offers (issued to date)	No. Individual Declines (issued to date)	No. Individual Settlements (agreed to date)	£ Individual Settlements (agreed to date)
28	£132,103.88	1	6	£34,523.88

## Review Schedule



## Review Schedule







# Finance

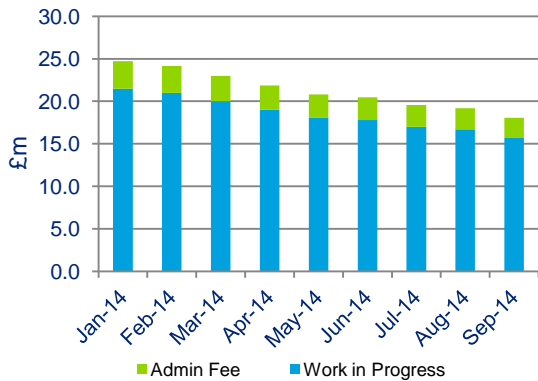
Programme dashboard as at 25 September 2014



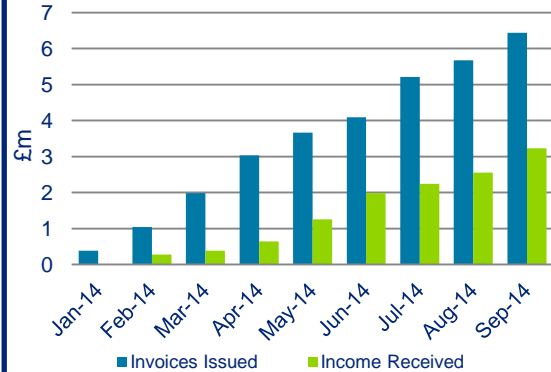
## Progress

It was identified last month that it is proving challenging to extract accurate finance metrics from the current systems. Further work has been undertaken in the period in conjunction with colleagues in Accounts Receivable, Shared Repairs and BT to reconcile the existing finance systems and to develop a unified reporting system to give a single consistent source of financial information for the service going forward.

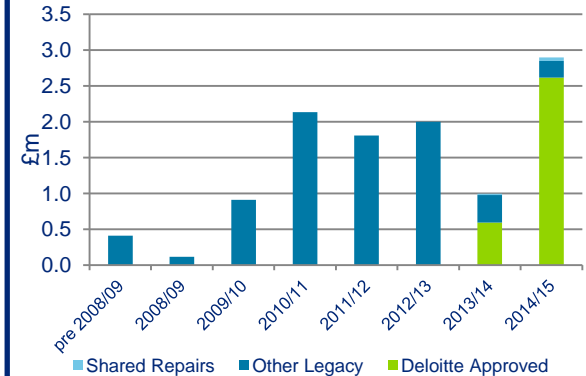
### Work in Progress



### Cumulative analysis of Deloitte approved stat repair debt (billed 01 Jan 14 – 25 Sep 14)



### Aged debt as at 25 Sep 14 - by year



### 14/15 Budget Requirements

Summary	FY Revenue Budget	FY Forecast	FY Variance
Closure Programme	£0	£3,102,532	£3,102,532
Shared Repair Service	-£6979	£504,768	£511,747
Project Team & Defect Remedy costs	£0	£728,069	728,069
New Enforcement Service	TBC	£747,506	£747,506
<b>TOTAL</b>	<b>-£6,979</b>	<b>£5,082,875</b>	<b>£5,089,854</b>

### Aged debt as at 25 Sep 14 - by type

Status	Deloitte Reviewed	Other Legacy	Shared Repairs	TOTAL
On hold	£682,469	£837,530	£2,275	£1,522,274
Active	£1,586,618	£578,597	£28,815	£2,194,029
Suspended	£638,489	£4,976,894	£3,133	£5,618,516
Potential Legal Action	£298,130	£1,589,631	£30,121	£1,917,881
<b>TOTAL</b>	<b>£3,205,706</b>	<b>£7,982,652</b>	<b>£64,343</b>	<b>£11,252,701</b>



# Shared repairs

Programme dashboard as at 25 September 2014

SHARED REPAIRS KPI	Jun14	Jul14	Aug 14	Sep 14	Trend
No of requests for advice/ info only.	407	551	411	431	↑
No. of service requests	69	79	55	69	↑
No of emergency repair inspections resulting in statutory notices issued	44	49	45	44	↓
No. of Emergency service requests where information /advice was provided	25	30	10	25	↑
Value of invoices issued to owners for emergency repairs (cumulative)	£98,343	£126,757	£144,985	£171,036	
Value of income received from owners for emergency repairs (cumulative)	-	-	£99,038	£121,277	

## Progress

The web traffic and service requests for advice remain consistent as individuals are accessing advice on how to keep their property maintained through the seasonal impact of autumn into winter. Drainage repairs continue to be the majority of work carried out. Currently monitoring a trend of third party reports of emergency works where inspection has resulted in advice and information and the Call Out Charge cannot be applied as this was reported by a 'passer by'.



# Legal

Programme dashboard as at 25 September 2014

LEGAL SERVICES KPI	Aug 14		Sept 14	
	Defending	Pursuing	Defending	Pursuing
No. of new cases this month	1	2	0	0
Live court action	1	22	1	7
Cases open longer than a year.	0	14	0	14
Cases sisted for payment monitoring/other	0	0	0	13
No. of cases closed:				
▪ Successfully defended	0	0	0	0
▪ No decree granted	0	2	0	2
▪ Settled out of court/not pursued	1	7	0	7

## Legal Workload Sep 14



## Progress

The legal workstream is progressing with various actions including input to:

- Complaints Resolution
- Input into on-going policy decisions
- Settlement panel input
- Information inquiries and FOIs
- Supporting all on-going workstreams

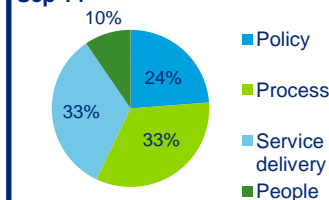


# Customer services

Programme dashboard as at 25 September 2014

CUSTOMER SERVICES KPI	June 14	Aug 14	Sep 14
No. of customer enquiries received	941	597	856
No. of customer enquiries closed	1111	612	598
No. of customer complaints received	22	12	28
No. of customer complaints closed	18	21	28
No. of FOIs closed	21	9	13

## Types of complaints received Sep 14



## Progress

September has seen a marked increase in enquiries. This can be associated with an increase in bills/invoices being issued over the previous 4 weeks. September saw an additional 244 enquiries come through PC compared to August. Work is currently ongoing to finalise the customer information sheet and development of a surgery so that customers can meet staff face to face to discuss their concerns around the process. This should help reduce complaints and help to improve confidence in the service.



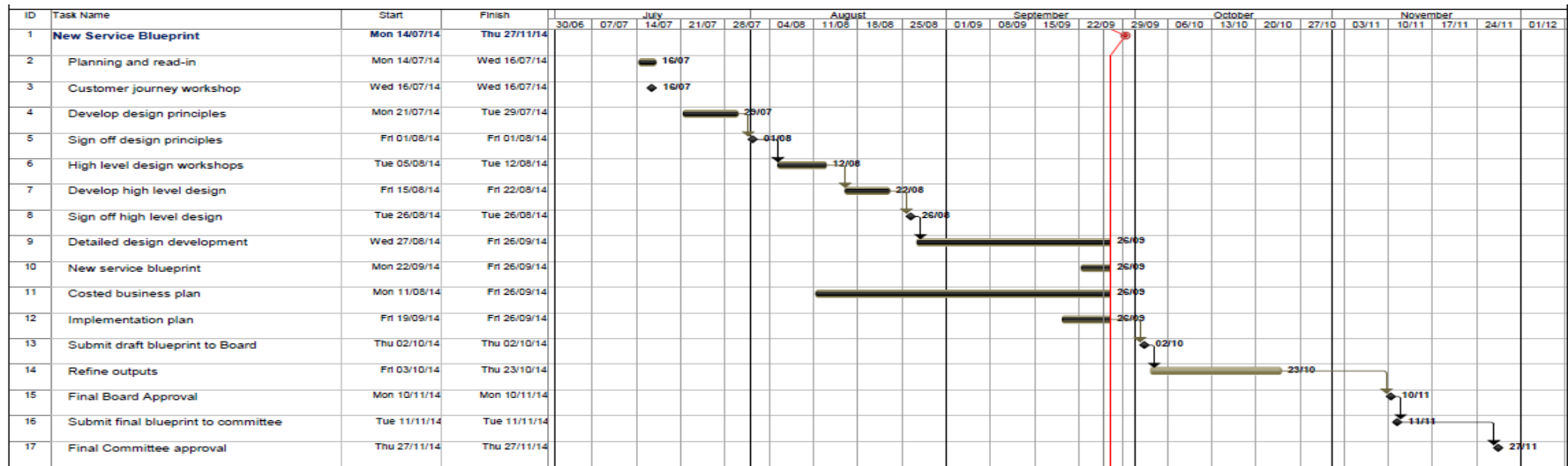
# New service

Programme dashboard as at 25 September 2014

## Progress to date

- Production of service objectives (why the service exists), service functions (what the service will do) and design principles
- Production of high level design document
- Detailed design of each blueprint component (e.g. services, technology)
- Drafting of deliverables – new Service Blueprint, Costed business Plan, Implementation Plan
- Planning and preparation for board presentation and senior leadership / political engagement

## Progress against Project Plan



## Milestones

Deliverable	Target date	Date complete	Status	Comments
Produce design principles	01/08/14	01/08/14	Completed	Design principles agreed by working group
Develop high level design	26/08/14	26/08/14	Completed	High level design agreed by working group
Develop detail design	19/09/14	26/09/14	Completed	Completed
Produce draft deliverables	26/09/14	26/09/14	Completed	The draft blueprint, costed business plan and implementation plan have been circulated for comment
Programme Board Approval	10/11/14	N/A	Not Started	Final sign off by Programme Board
F&R Committee Approval	27/11/14	N/A	Not Started	Final Committee sign off