

Finance and Resources Committee

10.00am, Thursday, 27 November 2014

Property Conservation – Progress Report

Item number	7.28
Report number	
Executive/routine	
Wards	All

Executive summary

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

Links

Coalition pledges	P40 , P41
Council outcomes	CO7 , CO19
Single Outcome Agreement	SO4

Property Conservation – Progress Report

Recommendations

- 1.1 Committee is required to:-
 - 1.1.1 Note the progress made to date on the programme.
 - 1.1.2 Note management information dashboard reports in Appendix 1.

Background

- 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 October 2014.

Main report

Overall Progress

- 3.1 This report provides a progress update for Programme Momentum as the programme enters week 16. Work completed to date includes:
 - consistent, detailed and regular reporting on all workstreams within the legacy service;
 - an improved interim operational structure including a dedicated financial billing and reporting team to drive forward the closure of the legacy service;
 - a review and set of recommendations in respect of the debt collection policy to increase certainty of payment;
 - the creation of a single customer contact gateway for all enquiries;
 - the creation and implementation of policies to ensure an objective and consistent approach to the resolution of all outstanding complaint cases; and
 - a comprehensive end-to-end case tracker to manage complex cases from complaint through to closure and the recruitment of a case manager to oversee this process.
- 3.2 In addition, a draft blueprint, costed business plan and implementation plan for the new service have been completed on schedule. The new service is the subject of a separate report to this Committee.

Management Information

- 3.3 Management information dashboards for October are attached in Appendix 1.

Measures of success

- 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

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

Risk, policy, compliance and governance impact

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

Equalities impact

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

Sustainability impact

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

Consultation and engagement

- 9.1 Not applicable.

Background reading/external references

- 10.1 None.

Alastair Maclean

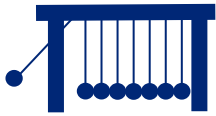
Director of Corporate Governance

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Links

Coalition pledges	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
Council outcomes	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
Single Outcome Agreement	SO4 – Edinburgh’s communities are safer and have improved physical and social fabric
Appendices:	Appendix 1: Management information Dashboards



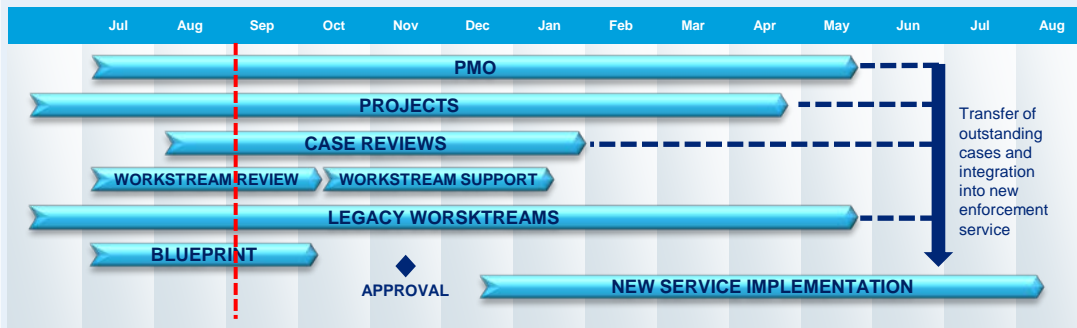
Programme Momentum Dashboard October 2014

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

OVERVIEW OF PROGRESS

Programme Momentum is entering week 13 (at the time of writing) and work completed to date includes the set up of the programme management office and new governance arrangements. The review of existing processes and workstreams is ongoing and draft recommendations are being developed prior to implementation. The policies and procedures for the complaints cases are in place and the case review work has resumed. A high design principles document has been produced for the new service and the blueprint is due to be submitted to the November Finance and Resource Committee. The programme is currently on schedule and key risks and issues are being managed via the programme office and board.

TIMESCALES



TOP RISKS	MITIGATION	RAG
1. Financial / IT Systems	Develop database and trackers as a short term fix	Red
2. Recruitment	Seek to improve current estimated timescales	Red
3. Bad Debt Provision	Continue to monitor and revise as required	Red
4. Complaints Handling	Single point of contact for all customers and web support	Red
5. Legacy & New Service Budget	Continue to monitor legacy spend and agree new service budget	Red

OVERALL STATUS	RAG	COMMENTS
CUSTOMER SERVICES	Yellow	New structure and management in place; single point of contact for customers established
FINANCE	Red	Financial reporting now consistent but limited data in finance systems complicates reporting. Significant levels of debt and WIP remain.
PROJECTS	Yellow	Additional assessment of long-term work-plan ongoing.
LEGAL	Red	Ongoing legal support with a focus on settlements and complaints
CASE REVIEWS	Yellow	Case reviews ongoing with January 2015 completion for Joule and complex complaint case reviews
SHARED REPAIRS SERVICE	Green	SRS activities are well managed and there are no key risks or issues
NEW SERVICE BLUEPRINT	Green	The blueprint work is on schedule and the high level design is complete

INFORMATION / DECISIONS

1. Agree new service blueprint
2. Agree new service costed business plan
3. Agree new service implementation plan
4. Agree Communications strategy
5. Ongoing approvals of irrecoverable WIP and settlements

KEY PLANNED ACTIVITIES

1. New service key stakeholder engagement
2. Refine master case tracker across all workstreams
3. Complete projects long-term workplan
4. Deep-dive aged debt analysis





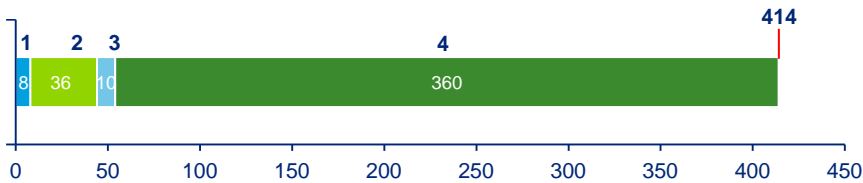
Case reviews

Programme dashboard as at 25 October 2014

Progress

The team structure for the complaints case reviews has been amended and a new Case Review Manager has been appointed to oversee all unbilled and complaints case reviews. Much work has been completed to review and improve the end to end process and the outputs from the complaints case reviews including revised template reports and letters. Deloitte have also begun the transfer of skills to CEC staff to enable case review work to be completed internally once their engagement completes. The pipeline of complaints cases is 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.

Joule Reviews (unbilled projects)



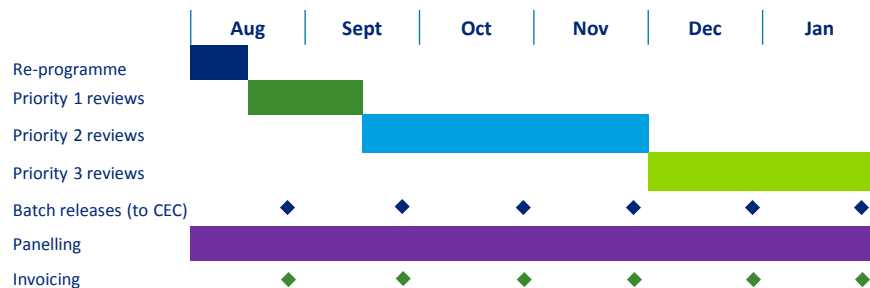
Stage

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

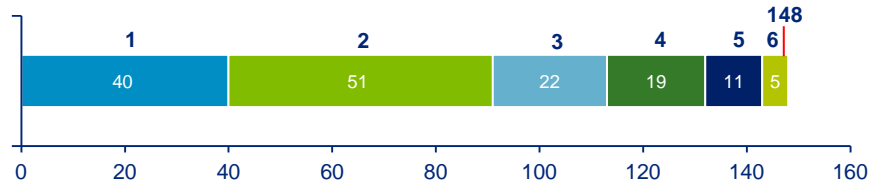
Metrics

Value Reviewed 396 projects	Recommended Recovery 396 projects	Value released 360 projects	Recommended Recovery 360 projects	Total Invoiced	Total Recovered
£17.28m	£13.30m	£12.98m	£10.60m	£7.01m	£3.62m

Review Schedule



Complex Complaints Case Reviews



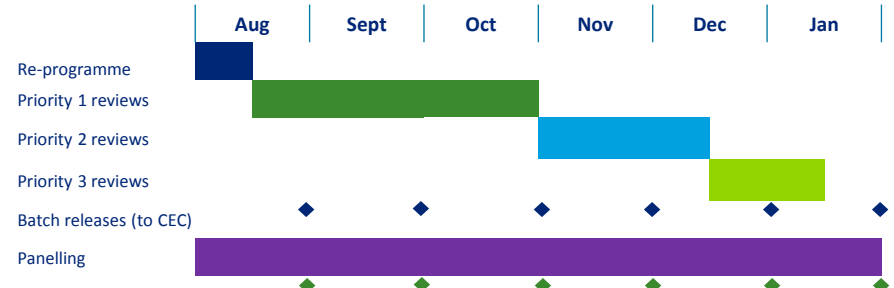
Stage (projects)

- 1 = Review not started
- 2 = Review ongoing
- 3 = Review complete (awaiting panel)
- 4 = Approved awaiting settlement letter
- 5 = Settlement offer issued
- 6 = Case closed

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 (issued to date)
34	*£102k	3	16	£46k

Review Schedule



*does not include parallel circumstance cases



Projects

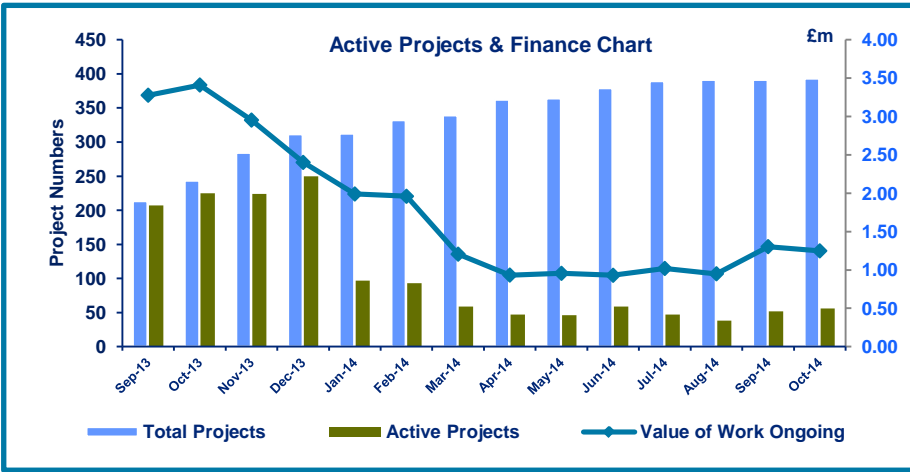
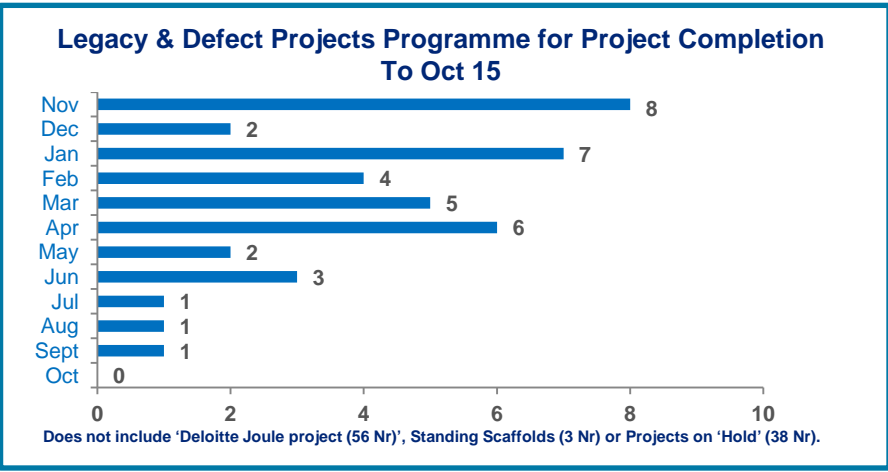
Programme dashboard as at October 2014



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 approval. 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 (£)		Status		Comments
		Works		Pre Contract	Post Contract	
Legacy Projects	21	£528,414		16	5	Neither Joule or Deferred - largely recoverable
Defect Projects	19	£558,968		10	9	Defect work - largely unrecoverable
Site Inspections	3	£70,000*	*estimated	3	n/a	Site inspections arising mainly from the case review process to confirm completion of work
Consultant Requests	10	£20,000*	*estimated	10	0	Require consultant action to conclude
Claims	7	£50,000*	*estimated	0	7	CEC defending ongoing contractor /consultant claims
Legal Support	2	£0.00*	*estimated	2	0	Assistance in relation to debt/litigation
Service Support	1	£1,000*	*estimated	1	0	Assistance with FOI and other general technical support
Complete	330	£20,274*	*Funds held in retention	0	330	Initial action or works on site completed. Retentions and costs still to come.





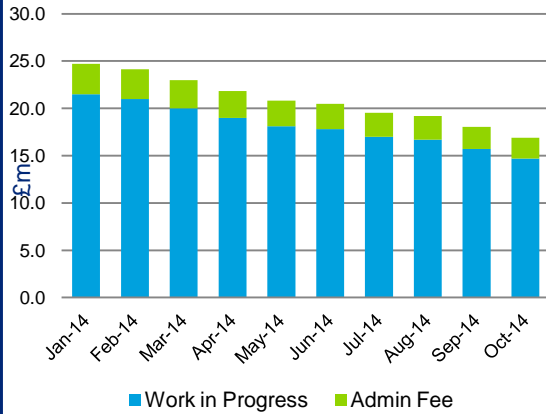
Finance

Programme dashboard as at 25 October 2014

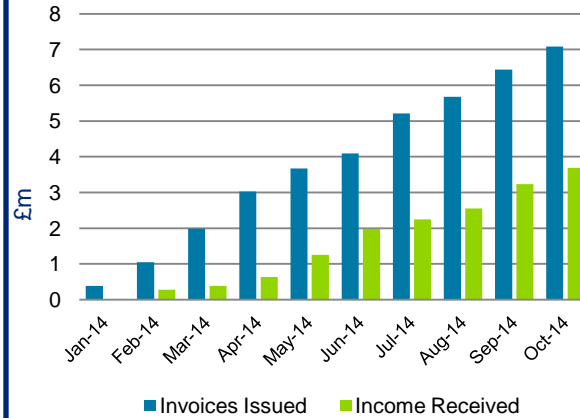
Progress

- The database to improve production of MI relating to debt recovery and billing is now live and updated weekly. It provides accurate MI based on the information held across systems.
- Further work is planned to review the information produced and ensure the accuracy of the records.
- A single Master Tracker brings together information held by Finance, TB and Deloitte. A prototype of the tracker has gone live and will continue to be refined.

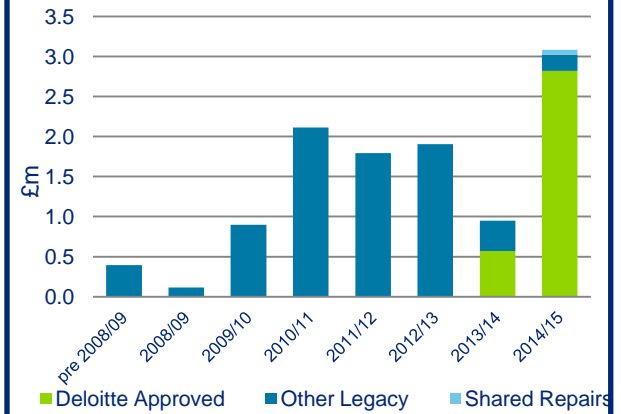
Work in Progress



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



Aged debt as at 25 Oct 14 - by year



14/15 Predicted Budget Pressure

Summary	FY Allocated Revenue Budget	FY Forecast	FY Variance
Closure Programme & Defect Remedy Costs	0	£3,840,978	£3,840,978
New Enforcement Service	0	£694,406	£694,406
Shared Repairs Service	-£6,979	£452,509	£459,488
TOTAL	-£6,979	£4,987,893	£4,994,873

Aged debt as at 25 Oct 14 - by type

Status	Deloitte Reviewed	Other Legacy	Shared Repairs	TOTAL
On hold	£622,707	£461,184	£2,516	£1,086,407
Active	£1,807,738	£728,925	£42,905	£2,579,568
Suspended	£496,586	£4,817,513	£11,400	£5,325,499
Potential Legal Action	£465,419	£1,783,805	£14,786	£2,264,009
TOTAL	£3,392,450	£7,791,426	£71,607	£11,255,484



Shared repairs

Programme dashboard as at 25 October 2014

SHARED REPAIRS KPI	Aug14	Sep 14	Oct 14	Trend
No of requests for advice/ info only.	411	431	484	↑
No. of service requests	55	69	66	↓
No of emergency repair inspections resulting in statutory notices issued	45	44	50	↑
No. of Emergency service requests where information /advice was provided	10	25	16	↓
Value of invoices issued for emergency repairs (cumulative)	£144,985	£171,036	£207,913	↑
Value of income received for emergency repairs (cumulative)	£99038	£121,277	£145,841	↑

Progress

Overall stats are consistent with previous months. October showed a 12% increase on September requests for information and advice. 'Make-safe' repairs carried out increased by 13.5%. There was a 36% reduction in the number of emergency requests which resulted in information/advice being provided. This indicates owners are becoming more aware of what is an emergency. 10.5% (7) service requests this month relate to roof issues, 16% (8) were for masonry issues and the remainder for drainage defects



Legal

Programme dashboard as at 25 October 2014

LEGAL CASES	Aug 14	Sept 14	Oct 14
Total number of ongoing cases at month end	28	47	55
Pursued by the Council - not contested by owner	14	33	40
Pursued by the Council - contested by owner	13	13	15
Defended by the Council	1	1	0
Total no. of cases resolved during month	7	12	13
Resolved for the Council - of which (x) were settlements	6 (4)	8 (6)	6(6)
Resolved against the Council - of which (x) were settlements	1	0	1
Not pursued** ** e.g. owner sequestrated, gone away, etc.	0	4	6



Progress

Legal progressing with various actions including input to:

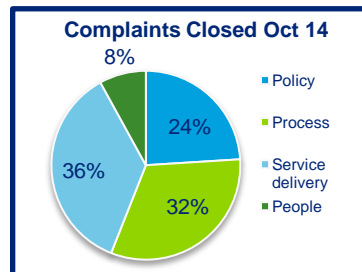
- Complaints resolution
- Input into refining policies and processes
- Reviewing possibility of raising recovery actions against third parties
- Supporting all on-going workstreams with legal advice as required.



Customer services

Programme dashboard as at 25 October 2014

CUSTOMER SERVICES KPI	Aug 14	Sep 14	Oct 14
No. of customer enquiries received	723	873	937
No. of customer enquiries closed	806	702	1233
No. of customer complaints received	20	28	15
No. of customer complaints closed	27	30	19
No. of FOIs closed	9	13	15



Progress

October has seen focus placed on closing down existing enquiries and this has been our best month to date for closures. Complaints received are below average which is encouraging. Further development of the Customer Service model will shape the future and provide improved statistics.



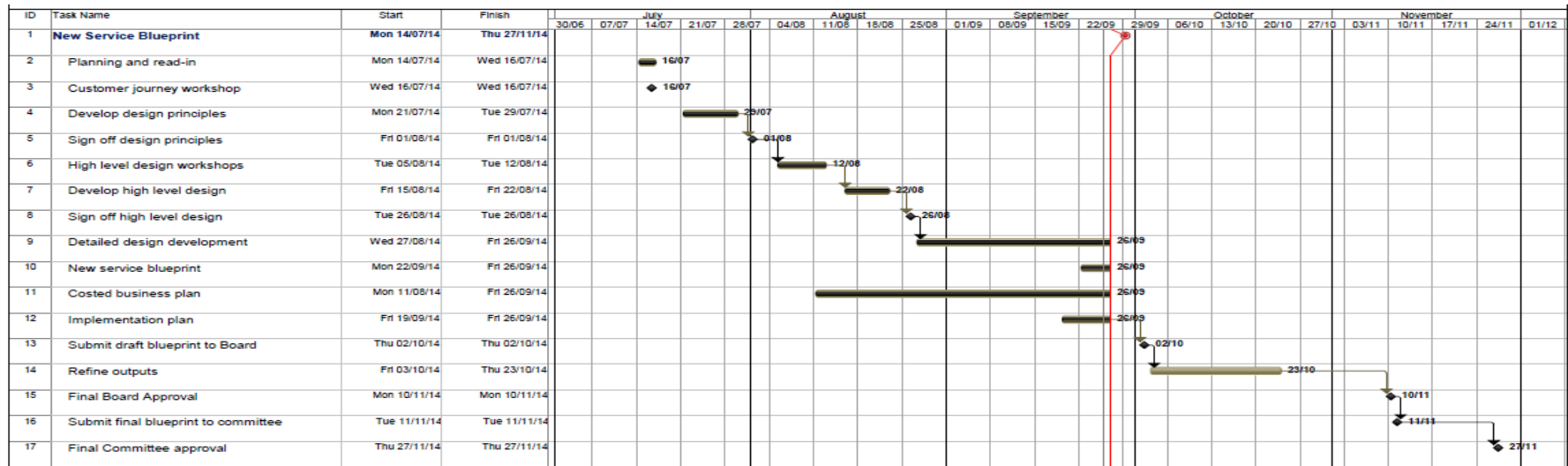
New service

Programme dashboard as at 25 October 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