

PERTH AND KINROSS COUNCIL

Finance & Resources Committee – 12 June 2024

Housing & Social Wellbeing Committee – 19 June 2024

MISSING SHARES PILOT – FEEDBACK AND RECOMMENDATIONS

Report by Strategic Lead – Housing & Communities
(Report No. 24/183)

1. PURPOSE

- 1.1 At the meeting of the then Housing and Communities Committee on, 31 May 2021 and the then Strategic, Policy & Resource Committee on, 2 June 2021 ([Missing Shares 2021](#)) it was agreed that a Missing Shares Service be piloted for a period of two years.
- 1.2 This report details the benefits identified as a result of the pilot and recommends that the Missing Shares Service be extended for a further 3 years.

2. RECOMMENDATIONS

It is recommended that Finances and Resources Committee:

- (i) agrees the funding of any Missing Shares Service, for a further 3 years, via the second homes budget, as a recoverable income.

It is recommended that Housing & Social Wellbeing Committee:

- (ii) notes the success of the pilot.
- (iii) approves the extension of the Missing Shares Service for a further 3 years on a recoverable income basis, and

3. STRUCTURE OF REPORT

- 3.1 This report is structured over the following sections:

- Section 4: Background/Main Issues
- Section 5: Proposals
- Section 6: Conclusion
- Appendices

4. BACKGROUND / MAIN ISSUES

- 4.1 The original committee report approved on 31 May 2021 ([Missing Shares 2021](#) (Report No. 21/70 refers) sought agreement to pilot a Missing Shares Service to assist the significant number of properties across Perth & Kinross, in shared ownership, and suffering a variety of communal disrepair issues. Knowledge at that time indicated that failure to progress communal repairs by

some private property owners was primarily due to an inability of all parties to pay, or due to the lack of co-operation between all responsible parties.

- 4.2 Extensive disrepair issues can result in structural deterioration. This can range from water penetration, wet/dry rot and crumbling stonework. This deterioration not only adversely affects the day to day lives of local homeowners and tenants but often poses a wider safety risk in terms of, for example, falling masonry, slipped slates, unsafe platforms or stairways. Extreme disrepair has even resulted in partial building collapse, evacuation and rehousing of residents and in one case recently, defaulted demolition works.
- 4.3 Communal disrepair problems can also create a significant adverse resource impact on a variety of Council services, including Environmental Health, Building Standards, Development Control, Housing and Economic Development. Building Standards colleagues report that 50% of the dangerous and defective building complaints relate to tenement buildings with numbers rising due to an ageing building stock. It is also considered that building deterioration is likely to accelerate due to the increase in extreme weather events. Therefore, early intervention is key to preventing buildings progressively declining, and can also minimise future costly repairs.
- 4.4 As enforcement action is extremely resource intensive and costly, the pilot has enabled funding for the minority of homeowners either unwilling and/or unable to progress the necessary communal repairs, with minimal impact on Council services.
- 4.5 The missing shares process is ultimately the responsibility of the property owners with the Missing Shares Service simply approving the process and providing an agreed minority missing share. The Housing (Scotland) Acts 2006/14 provide local authorities with the powers to pay a missing share, and to recover the costs from an owner via a repayment charge attached to the title of the property, recouped at the point of sale. However, as opposed to waiting until a property is sold, a monthly repayment plan, over a 5-year period (or shorter), can be agreed and therefore deemed a recoverable income in financial terms. The Council also applies an administration charge of 15%, which can act as a catalyst for works to be progressed without a missing share being required. Several missing shares already processed have either been recovered in full, or a payment plan set up for a period of up to five years.
- 4.6 Funding for the two-year pilot was underwritten by the Affordable Housing Earmarked reserve budget and as a precaution capped at £200,000. £40,000 was also allocated to employ a Missing Shares Officer, subsequently recruited in September 2021.
- 4.7 Since the introduction of the pilot, the following outcomes have been achieved:
 - Of the **180 enquiries** received regarding issues with communal repairs, 70% have been resolved, and repairs have progressed without any

financial intervention from the Council. This has been achieved from the Missing Shares Officer tracing and contacting owners, assessing titles and facilitating and mediating meetings with property owners.

- **£800,000 worth of communal repairs** have been undertaken without the need to apply the missing shares process. This significant investment in local building maintenance has only cost the salary of the Missing Shares Officer and has also reduced the need for intervention by other Council services.
- Out of the above enquires, only **14 missing share applications** (6 complete, 8 pending) have been required. This is primarily due to the missing share option being a last resort when all other options have been exhausted.
- The **14 applications involve 125 properties** (110 private homes and 15 local businesses) and the missing shares funding, provided by PKC, currently totals **£144,000**. However, the **total value of the works** achieved by private property owners as a result of this financial intervention is well **over £1,070,000**.
- The level of communal repair improvements has come at a **small Council spend of £40k for the Missing Share Officer and £144k in missing shares**. However, the £144k is a recoverable income through the repayment process (standard 5 years, along with a repayment charge on the property title).
- **Feedback from property owners has been positive**, with some being empowered to progress repair works themselves.
- **Several activities have been introduced to improve the awareness of building condition issues** for private property owners, officers, and Elected Members. These include awareness raising via Tenement Repair Events, Missing Shares Drop-in Sessions, Missing Shares Advice Events, Under One Roof events, Building Condition Walks and Information for Landlords Event.
- **The creation of a Building Condition Working Group**. This multi-service group discusses problematic buildings in most need of repair and seeks the best mechanisms to rectify the issues through a joined-up approach.

4.8 The 'Summary Evaluation of the 2.5 Year Missing Shares Pilot' in Appendix 1 provides further details on the financial spend and breakdown of completed and pending cases.

4.9 To assess the benefits of the service, a feedback survey was distributed with excellent feedback on the Missing Share Service returned. These results are outlined in Appendix 2.

5. PROPOSALS

5.1 Based on the demand and current benefits achieved, it would be deemed premature at this stage to conclude this Service. Momentum continues to build as the Service becomes more established and there is undoubtedly a significant number of older buildings, many in Perth City centre, requiring assistance to rectify long term disrepair issues. It is therefore proposed that:

- The existing pilot be extended for a further 3 years.
- The Missing Shares Officer post be extended in line with the proposed pilot extension for a further 3 years.

5.2 A 5-year period (initial 2-year+ pilot plus recommended 3-year extension) would provide better data on which to base future decisions on the viability of the Service in the longer term.

5.3 Confirmation has been attained from Finance & Resources that funding from the second homes budget reserves is available to underwrite any future Missing Shares for a further 3-year period and also extend the existing Missing Shares Officer post for the same period.

6. CONCLUSION

6.1 The Missing Shares Service is an innovative way that tackles properties across Perth & Kinross, in shared ownership, that have a variety of communal disrepair issues. The Service, through its proactive and collaborative approach, reduces resource impacts on other Council services. It benefits local homeowners, and businesses, by removing the barriers to resolve disrepair issues by empowering property owners through support and advice and, as a last resort, through missing shares funding.

6.2 With a significant number of deteriorating buildings, likely to worsen with climate change impacts, officers recognise the inequalities often suffered by those living in poorer environments affecting their mental and physical wellbeing and currently compounded by the cost-of-living crisis. The Missing Shares Service seeks to improve living conditions, create safer buildings, retain investible housing stock, and provides a more attractive, sustainable place to live/work and visit.

6.3 By extending the service for another 3 years an informed review can be carried out to determine the future long-term benefits, potential financial impacts and seek a permanent funding structure going forward, including ways to make the service operate on a full cost recovery model.

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APPENDICES

Appendix 1 – Missing Share Service Pilot Summary

Appendix 2 – Service & Officer Performance (Internal & External)

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1. IMPLICATIONS, ASSESSMENTS, CONSULTATION AND COMMUNICATION

Strategic Implications	Yes / None
Community Plan / Single Outcome Agreement	Yes
Corporate Plan	Yes
Resource Implications	
Financial	Yes
Workforce	Yes
Asset Management (land, property, IST)	No
Assessments	
Equality Impact Assessment	No
Strategic Environmental Assessment	No
Sustainability (community, economic, environmental)	No
Legal and Governance	Yes
Risk	Yes
Consultation	
Internal	Yes
External	Yes
Communication	
Communications Plan	Yes

1. Strategic Implications

Community Plan/Single Outcome Agreement

1.1 This report supports all the priorities within the Community Plan 2022-32.

- (i) *Reducing Poverty (including child poverty, fuel poverty and food poverty)*
- (ii) *Mental and physical wellbeing*
- (iii) *Digital participation*
- (iv) *Skills, learning and development.*
- (v) *Employability*

Corporate Plan

1.2 This report supports the objectives within the Corporate Plan:

- (i) *Children and young people grow up safe, respected, well-educated, and confident in their ability to realise their full potential.*
- (ii) *People and businesses are increasingly able to prosper in a local economy which support low carbon ambitions and offers opportunities for all.*
- (iii) *People can achieve their best physical and mental health and have access to quality care and support when they need it.*
- (iv) *Communities are resilient and physically, digital and socially connected.*
- (v) *Perth and Kinross is a safe and vibrant place, mitigating the impact of climate and environmental change for this and future generations.*

2. Resource Implications

Financial

- 2.1 It was previously agreed as part of the pilot that missing shares costs from each owner would be sought through a repayment plan between 5 and 30 years, with a repayment charge applied to the title of each property to provide additional security. However, a £200k fund to under write any budget pressures was also allocated, along with £40,000 per to fund a Missing Shares Technician to implement the scheme. The Councils Affordable Housing earmarked reserve was designated for both these aspects of the pilot.

An extension to the pilot will be funded by the Second Homes Revenue Budget.

Workforce

- 2.2 There is no capacity to integrate the work associated with Missing Shares Service within existing teams therefore it is recommended that the temporary employment of the Missing Shares Officer, currently employed until September 2024, be extended to provide the missing shares service for any pilot extension.

Asset Management (land, property, IT)

- 2.3 Not applicable

3. Assessments

Equality Impact Assessment

- 3.1 The proposals have been considered under the Corporate Equalities Impact Assessment process (EqIA) with the following outcome:

- Assessed as **not relevant** for the purposes of EqIA.

Strategic Environmental Assessment

- 3.2 The Environmental Assessment (Scotland) Act 2005 places a duty on the Council to identify and assess the environmental consequences of its proposals.

Sustainability

- 3.3 Under the provisions of the Local Government in Scotland Act 2003 the Council has to discharge its duties in a way which contributes to the achievement of sustainable development. Under the Climate Change (Scotland) Act 2009 the Council also has a duty relating to climate change and, in exercising its functions must act:

- in the way best calculated to delivery of the Act's emissions reduction targets.
- in the way best calculated to deliver any statutory adaptation programmes; and
- in a way that it considers most sustainable.

3.4 No steps are required to be considered relating directly to this report.

Legal and Governance

3.5 The Strategic Lead - Legal and Governance has been consulted in the preparation of this report and there are no adverse comments raised.

Risk

3.6 Any risks associated will be mitigated by the monitoring and reporting procedures which are in place for the work concerned.

4. Consultation

Internal

4.1 As part of the collaborative working approach with other PKC services internal feedback has been sought and very favourable responses have been received, see Appendix 2. There has also been positive feedback from several elected members who have been actively involved in the service.

External

4.2 Feedback has been sought from a variety of service users who provided very complimentary comments on the successfulness of the service and the valuable support and advice provided by the Missing Shares Officer.

5. Communication

5.1 Further media promotion of the service to all stakeholders will be relaunched should the committee recommendations to extend the Missing Shares Service and Officer be agreed for a further 3 years. Key target audiences will include those private property owners with existing communal disrepair issues, owners of empty homes and registered landlords.

2. BACKGROUND PAPERS

2.1 Housing and Communities Committee, 31 May 2021 and the Strategic, Policy & Resource Committee, 2 June 2021 – Report No. 21/70 ([Missing Shares 2021](#)).