

PERTH AND KINROSS COUNCIL

Housing and Communities Committee, 31 May 2021
Strategic, Policy & Resources Committee, 2 June 2021

Missing Shares Scheme

Report by Depute Director (Communities)
(Report No. 21/70)

The last Local Housing Condition Survey determined that approximately 14,000 flatted/tenemental properties in Perth & Kinross exhibited visible/extensive disrepair. This report seeks approval to assist communal building repair works through a 'Missing Shares' scheme.

1. BACKGROUND / MAIN ISSUES

Disrepair of Flatted/Tenemental Properties in Perth & Kinross

- 1.1 The last Local Housing Condition Survey carried out in 2015 determined that the breakdown of housing types in Perth & Kinross comprised 25% flatted dwellings. The total number of tenements/other flats was 17,395, approximately 7,000 of these were built before 1944. The survey also identified that 11,821 of these flatted properties exhibited visible signs of disrepair and a further 2,129 exhibiting extensive disrepair. The total costs to patch the visible repairs were estimated at £5.5m (average cost £400 per dwelling), and £36.4m (average cost £2,000 per dwelling) for comprehensive repairs. A total of 54% of flatted properties were deemed below the 'repairing standard'.
- 1.2 As a result of these levels of disrepair, several Council services receive increasing numbers of enquiries and complaints associated with communal disrepair of private flatted properties. Complaints are mainly received from tenants (who are experiencing poor living conditions) and landlords and owner occupiers, where repairs cannot be resolved due to a lack of co-operation or funds from all responsible parties.
- 1.3 As repairs fail to be addressed, buildings deteriorate, resulting in a variety of structural issues e.g., water penetration, dry rot and crumbling stonework. Such disrepair can impact on resident's health and result in properties becoming defective or dangerous. A failure to address repairs as they arise leads to deterioration and ultimately higher repair costs often requiring the intervention and co-ordination of Council services including planning, building standards, housing and economic development.

Missing Shares

- 1.4 The Housing (Scotland) Acts 2006 and 2014 provided Local Authorities (LAs) with the power to pay a sum, representing an owner's share for repair costs where the owner is unable (often due to lack of funds), unwilling or untraceable (e.g. absent landlords) and where most other owners agree to fund and carry out the repairs. This unpaid element of a required maintenance cost is known as a 'missing share'. Section 4.16 of the Council's Scheme of Assistance provides that where common repair work is delayed under these circumstances then PKC may fund the missing share to enable the work to go ahead.https://www.pkc.gov.uk/media/47961/Scheme-of-Assistance2021/pdf/Scheme_of_Assistance_for_Private_Sector_Housing_January_2020.pdf?m=637510534555270000
- 1.5 The Council's Scheme of Assistance (Section 1.1) promotes the principle that homeowners have the primary responsibility for maintaining and repairing their own homes. Therefore, payment of a 'missing share' by a Local Authority should only be considered as a last resort when other intervention methods and financial options have been evidenced and exhausted by the owners. Similarly, payment of a missing share could also be applied to a commercial property associated with an eligible residential property.

Enforcement Action vs Missing Shares

- 1.6 Discretion to undertake enforcement action on essential repairs and/or where a public health nuisance exists e.g., water penetration via a defective roof, remains an option. However, such enforcement involves an increased level of risk. Not only is such a process resource intensive, but it also requires significant technical expertise, especially where works in default require to be project managed.
- 1.7 In comparison, the same outcomes can be attained through a missing shares scheme whereby the payment of missing shares actively encourages owners to organise repairs themselves without having to progress to enforcement action. Notably, the scheme can also proactively facilitate disrepair works at an earlier stage, prior to them becoming essential or having an adverse health impact. A missing shares scheme could also be implemented in circumstances where enforcement action was not applicable.

Benefits of Missing Shares

- 1.8 Regulatory Services have tried to progress a number of eligible 'missing shares' cases on a pilot basis but have been restricted to only a small number due to lack of targeted funding. One pilot related to a property where the building suffered deterioration which resulted in the service of a Dangerous Building Notice and evacuation of each of the residential properties. The majority of owners were able to pay their share of the works, totalling, but the minority were unable. The properties could not be sold due to the Notice. By PKC paying the missing shares of just under £4,000 the Notice could be lifted, and the properties reoccupied. It enabled owners to sell their properties and

PKC to recoup the costs of the missing share. In addition, it resulted in some owners renting their properties through PKC lets, thereby bringing more affordable accommodation to the city centre.

- 1.9 Glasgow City Council (GCC) operate a missing shares scheme. Table 1, below, clearly highlights the significant private investment in housing improvements, resulting from the local authority supporting this work by contributing the missing shares.

Table 1: Glasgow City Council - Missing Shares Allocation 2011/12 to 2017/18

	11/12	12/13	13/14	14/15	15/16	16/17	17/18	Total
Spend	75,760.00	91,615.00	47,717.00	79,741.00	123,172.00	85,550.00	76,866.00	580,421.00
Overall Cost of Work	366,318.00	715,215.00	466,320.00	637,850.00	1,917,446.00	642,395.00	618,540.00	5,364,084.00
Number of cases	16	59	64	58	55	65	53	370

- 1.10 A significant number of local authorities have restarted or initiated missing shares recently, including Renfrewshire, Inverclyde, North Lanarkshire, Aberdeen City and Moray Council. Clear information regarding Edinburgh Council's scheme can be viewed at:
<https://www.edinburgh.gov.uk/downloads/file/25682/missing-shares-service-factsheet>
- 1.11 Such a scheme is particularly timely as a proactive and preventative measure in times when there are increased financial challenges faced by residents due to the pandemic.

2. PROPOSALS

- 2.1 This report seeks approval to implement a 'Missing Shares' Scheme and, where necessary, funding for common repair works using enforcement powers. A Technician is also required to undertake the necessary work associated with this scheme. It is proposed that the scheme operates on a trial basis for two years with an update on progress reviewed by committee at the end of this period.
- 2.2 It is proposed that a specific policy and procedure will be developed to implement the Missing Shares Scheme and include a minimum and maximum indicative level for each missing share but acknowledging the need to assess each project on a case-by-case basis, prioritising those of greatest risk to health and wellbeing.

- 2.3 Many of the associated objectives that would benefit from a missing shares scheme are detailed within the 'Perth & Kinross Local Housing Strategy (LHS) 2016-2021'. The Action Plan 2019-2020, Priority 4 – Housing Condition, Fuel Poverty and Climate Change, but specifically measure 4.8 'Explore opportunities across services to create a missing shares fund' .
- 2.4 The theme of this strategy is to ensure, as far as possible, that people are living in warm, dry, energy efficiency, low carbon homes which are affordable to heat and meet the required standards. Housing disrepair can adversely affect a person's health and wellbeing and the missing shares scheme will demonstrate our ongoing commitment to support improved housing standards in the area.

Financial Arrangements

- 2.5 The power to pay the missing share under S50 of the Housing (Scotland) Act 2006 is matched by the power to recover the sum from the owner of the house concerned (S59), together with administration charges and interest at a reasonable rate.
- 2.6 It is proposed that the Council's Affordable Housing earmarked reserve is used to underwrite the payments with a cap of £200,000. This will be kept under review as the scheme is rolled out and information on uptake reported to future the Housing and Communities Committee.
- 2.7 Ultimately all costs incurred in funding 'missing shares' are recoverable from the relevant owner via a Repayment Charge attached to the title of the property. This places a security against the property of the owner who has not paid and has priority over all future burdens and most existing burdens on the property. Local Authorities can determine a reasonable repayment period of between 5 and 30 years, which may include an agreed payment plan.
- 2.8 To ensure the successful implementation and delivery of the scheme it is requested that a Missing Shares Technician be employed for a flexible period of two years to implement all aspects of the new scheme. This post will be funded from the Affordable Housing earmarked reserve.

3. CONCLUSIONS AND RECOMMENDATIONS

- 3.1 Having well maintained, secure, sustainable housing is key to providing attractive, vibrant and well managed neighbourhoods that support our communities and economic growth through tourism and business investment.
- 3.2 It is anticipated that a Missing Shares scheme will support a change in attitude amongst owners/co-owners towards property maintenance. It is also intended that it will encourage a greater degree of co-operation between co-owners in multi owned properties e.g. flatted properties.

Housing and Communities Committee

3.3 It is recommended that the Committee approves:

- (i) the implementation of a “Missing Shares” Scheme to be operated by Regulatory Services, for a trial period, initially for two years.

Strategic, Policy and Resources Committee

3.4 It is recommended that the Committee approves:

- (ii) that £200,000 is allocated for 2021 to 2023 to trial the missing shares scheme and is underwritten by the Council’s Affordable Housing earmarked reserve fund, on the terms detailed at Section 2.5 and 2.6
- (iii) that funds from the Council’s Affordable Housing earmarked reserve are used to pay for a Missing Shares Technician for 2 years (approx. £40k per year)

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Approved

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Clare Mailer	Depute Director (Communities)	20 May 2021

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1. IMPLICATIONS, ASSESSMENTS, CONSULTATION AND COMMUNICATION

Strategic Implications	
Community Plan	Yes
Corporate Plan	Yes
Resource Implications	
Financial	Yes
Workforce	Yes
Asset Management (land, property, IST)	n/a
Assessments	
Equality Impact Assessment	No
Strategic Environmental Assessment	No
Sustainability (community, economic, environmental)	No
Legal and Governance	Yes
Risk	Yes
Consultation	
Internal	Yes
External	n/a
Communication	
Communications Plan	Yes

1. Strategic Implications

Community Plan/Corporate Plan

1.1 The proposals detailed within this report support each of the following priorities:

- (i) Giving every child the best start in life
- (ii) Developing educated, responsible and informed citizens
- (iii) Promoting a prosperous, inclusive and sustainable economy
- (iv) Supporting people to lead independent, healthy and active lives
- (v) Creating a safe and sustainable place for future generations

2. Resource Implications

Financial

2.1 It is proposed that the Council's Affordable Housing earmarked reserve is used to underwrite payments up to a value of £200,000 for the period 2021 to 2023. Recovery of the missing shares cost from each owner will 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. In addition £40,000 per annum from the Councils Affordable Housing earmarked reserve is sought for the same period to fund a Missing Shares Technician to implement the scheme.

Workforce

- 2.2 The additional resource required to implement a new missing shares scheme cannot be accommodated within the current capacity of Regulatory Services therefore it is proposed that a Missing Shares Technician be employed for a fixed period of two years to implement all aspects of any new scheme. This post will be funded from the Council's Affordable Housing earmarked reserve.

Asset Management (land, property, IT)

- 2.3 Not applicable.

3. Consultation

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
- 3.2 This report aims to improve living conditions for all with no discriminating criteria.

Strategic Environmental Assessment

- 3.3 The Environmental Assessment (Scotland) Act 2005 places a duty on the Council to identify and assess the environmental consequences of its proposals. The proposals have been considered under the Environmental Assessment (Scotland) Act 2005.
- 3.4 Screening has determined that there is unlikely to be significant environmental effects and is therefore exempt and the Consultation Authorities will be notified. The reason for concluding that the PPS is unlikely to have significant environmental effects is that the environment will not be affected by the repair of relevant properties.

Sustainability

- 3.5 The proposal has been considered under the provisions of the Climate Change (Scotland) Act 2009 and it has been assessed that:
- A number of positive climate change and sustainable development outcomes are likely as a result of this proposal being implemented across ten of the eleven sections of the Integrated Appraisal Toolkit.

Legal and Governance

- 3.6 Head of Legal and Governance has been consulted in the preparation of this report and there are no adverse comments raised.

Risk

- 3.7 The risks associated with improvements of communal repairs through a missing shares policy, as opposed to alternative enforcement action is significantly less.

4. Consultation

Internal

- 4.1 All relevant internal stakeholders have been consulted on the proposals and these stakeholders support the measures contained within the report.

External

- 4.2 N/A.

5. Communication

- 5.1 The role of the proposed Missing Shares Technician will include the promotion of the Missing Shares Scheme. Key target audiences will include those private property owners with existing communal disrepair issues, owners of empty homes, registered landlords etc

2. BACKGROUND PAPERS

- 2.1 None.

3. APPENDICES

- 3.1 None.