

The background of the slide features a large, light blue watermark of the City of Vancouver's coat of arms. The crest includes a crown with four maple leaves, a shield divided into four quadrants (top-left: a building, top-right: a stag's head, bottom-left: a sailing ship, bottom-right: an eagle), and a banner at the bottom with the motto "A NE FOR A".

Agenda Item 10

Housing Investment Programme – Owner Occupier Charges

Falkirk Council

Title: Housing Investment Programme – Owner Occupier Charges

Meeting: Executive

Date: 26 September 2017

Submitted by: Director of Corporate and Housing Services

1. Purpose of Report

- 1.1 The purpose of this report is to outline options for interim changes to the procedures for the recovery of costs from owners for works to common parts of the larger building of which their property forms part. These works are typically undertaken as part of the Council's Housing Investment Programme.

2. Recommendations

2.1 It is recommended that the Executive:

- 1) agrees an option as the interim recovery procedure outlined in section 5.3 of the report, and**
- 2) notes that an updated Scheme of Assistance will be provided to a future meeting of the Executive.**

3. Background

- 3.1 The Housing Investment Programme is agreed by Council in February each year as part of the budget setting process. A total budget of £51.45m has been approved for the next three years to support the delivery of a range of maintenance and replacement work. This work will ensure the Council's housing stock meets the Scottish Housing Quality Standard (SHQS) and new Energy Efficiency standards.
- 3.2 A key element of the programme is re-roofing and roughcasting replacement works. £8.7m per annum is included within the programme for this work.

- 3.3 As a consequence of “Right to Buy” legislation, c56% of the Council’s previously owned housing stock is now privately owned. Tenure mix is therefore a significant consideration in the delivery of the Housing Investment Programme.
- 3.4 Where applicable, the Council applies the terms of the Tenements (Scotland) Act 2004, to facilitate works on mixed tenure properties. This process involves a consultation exercise on the proposed work and a voting system, where each property has a vote. If a majority of votes are in favour of the proposed work, the decision is binding on all parties whether or not they agree, subject to rights of appeal to the Sheriff Court available to dissenting owners. After the decision has been finalised, all parties are liable for a share of the costs associated with the work.
- 3.5 In circumstances where the Council is the majority owner and seeks to progress the work, this can, depending on the nature of the works involved, place a significant financial responsibility on owners. In particular, it has been found that the average cost per property of combined roofing and roughcasting works for an owner occupier is in the region of £12,000 to £15,000, dependent upon the property type; size; materials and structure.
- 3.6 The share of costs from owners is recovered in line with the Council’s Corporate Debt Policy, in particular Sundry Debt processes. Whilst the Policy and current processes seeks to be as responsive as possible to an individual’s specific financial circumstances, there are limitations.
- 3.7 This report proposes a range of options for interim changes to the cost recovery procedures for owners in relation to Housing Investment Programme works. The options are designed to allow consideration of alternative arrangements which better reflect individual owner’s specific financial circumstances, whilst recognising the Council’s obligation to recover costs in full.

4. Scheme of Assistance

- 4.1 The Housing (Scotland) 2006 Act (the 2006 Act) reflects the fact that owners are primarily responsible for maintaining and repairing their own property under the terms of their title deeds. This includes part of the larger building of which their property forms part in which they have a common right of property.
- 4.2 The Council’s Scheme of Assistance flows from the 2006 Act and outlines the circumstances in which Falkirk Council may assist to improve and adapt private housing in the Council area. It details the range of assistance available and the eligibility criteria for accessing it.

- 4.3 The Scheme of Assistance was approved by the Policy and Resources Committee in 2010 and does not currently provide specific support to owners in circumstances where they cannot meet the shared costs of communal works.
- 4.4 A full review of the Council's Scheme of Assistance is currently being undertaken and a revised and updated Scheme of Assistance will be presented to a future meeting of Executive. It is planned that a revised Scheme of Assistance will be operational from 2018/19.

5. Cost Recovery Processes

- 5.1 Pending the completion of the review of the Council's Scheme of Assistance, outlined below are a range of interim options for consideration. Any revised arrangements would only apply to the recovery of costs from owners for works to common parts of the larger building of which their property forms part and where an owner's share of the works being undertaken this financial year (2017/18) would be greater than £10,000.
- 5.2 There are approximately 60 owners identified within projects forming part of the 2017/18 Housing Investment Programme, who meet the above criteria. These Housing Investment Programme works include roofing and roughcasting works.
- 5.3 The following options are outlined for consideration:

INTERIM OPTION	ADVANTAGES	DISADVANTAGES
1. Status Quo No change to current recovery arrangements	Protects Council's investment	Does not reflect individual financial circumstances
2. Longer Repayment Period (5 year max) Offer repayment plans up to 5 years, reflective of documentary evidence of financial circumstances	Protects Council's investment Partially considers financial circumstances	Limited benefit in cases of extreme financial hardship Longer-term recovery will incur financing costs. No budget available for financing costs, requirement to recover from owner.
3. Alternative Funding Options such as re-mortgaging; equity release or longer-terms commercial loans. Requirement to seek independent financial advice	Protects Council's investment Considers financial circumstances	May not be beneficial in specific financial circumstances i.e.: limited income; savings and low property equity. Additional costs to owners, through financial advice; legal charges and loan repayments

4. Charging Order Order placed on property for release of funds on sale/transfer. Requirement to seek independent financial advice.	As far as possible protects Council's investment having regard to ranking issues with other securities and value	Additional costs to owners, through recovery of debt charges; financial advice and legal charges.
5. Tailored option 1-4 Tailored option (from 1-4) specific to financial circumstances of owner	Reflects specific financial circumstances Targets most in need of help Protects Council's investment	Only applied in specific financial circumstances i.e.: limited income; savings and property equity. Additional costs to owners, through recovery of debt charges; financial advice and legal costs.

- 5.4 In addition to adopting one of the above options, the following improvements will be implemented. All owners within communal properties, which form part of the 2017/18 Housing Investment programme, will be provided with earlier notification of planned works and indicative costs. Also, as part of the consultation process owners will be provided with the option to meet with the Council's Advice Team, in order to explore specific financial concerns. These discussions will explore options for income maximisation, together with repayment options, reflective of specific financial circumstances. The Advice Team will however not be able to provide financial advisory services.
- 5.5 The practical adoption of these revised recovery processes will provide information and lessons which will help support and inform the development of revised Scheme of Assistance for adoption in 2018/19.

6. Consultation

- 6.1 Full consultation with owners and tenants will be undertaken on the revised Scheme of Assistance in line with standard consultation processes.

7. Implications

Financial

- 7.1 The proposed interim options set out in 5.3 above are all intended to allow the Council to recover the debt due to it, whilst being responsive to an owner's specific financial circumstances.

Any additional financial costs associated with the options set out in 5.3 e.g.: additional financing costs with longer-term repayment would require to be recoverable from owners to mitigate additional costs falling on the Council.

Resources

- 7.2 It is expected that the interim recovery options and Scheme of Assistance will be managed from existing budget provision.

Legal

- 7.3 Revisions to the recovery processes and Scheme of Assistance will be considered within the context of the Housing (Scotland) 2006 Act.

Risk

- 7.4 Non recovery of costs places an additional financial burden on the Council. The proposed recovery options will help mitigate the risk of non-recovery, through proactive support and assistance.

Equalities

- 7.5 A full Equalities & Poverty Impact Assessment will be carried out on the revised Scheme of Assistance. The revised recovery procedures will also provide support to those in most need of financial assistance.

Sustainability/Environmental Impact

- 7.6 No environmental impacts are anticipated.

8. Conclusions

- 8.1 The Council has an extensive future programme of works, as part of the Housing Investment Programme. In instances where the Council is in majority ownership, the Council applies the terms of the Tenements (Scotland) Act 2004, to facilitate works on mixed tenure properties. In such circumstances, full cost recovery from owners is required by the Council.
- 8.2 Given the significant costs of works, particularly roofing and roughcasting, consideration of options to provide a more responsive recharging process is proposed.

- 8.3 The impact of implementing revised interim arrangements will help to inform the review of the Council's Scheme of Assistance. A revised Scheme of Assistance will be developed for adoption in 2018/19.

Director of Corporate and Housing Services

Authors: David McGhee, Head of Procurement & Housing Property, 01324 590788, david.mcghee@falkirk.gov.uk

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APPENDIX

None

List of Background Papers:

The following papers were relied on in the preparation of this report in terms of the Local Government (Scotland) Act 1973:

None