

ABERDEEN CITY COUNCIL

COMMITTEE	Housing and Environment
DATE	11 th January 2010
CORPORATE DIRECTOR	Pete Leonard
TITLE OF REPORT	PROPERTY MANAGEMENT – Progress report
REPORT NUMBER:	H&E/09/129

1. PURPOSE OF REPORT

The purpose of this report is to advise committee on the progress towards implementation of a Property Management service by Aberdeen City Council for owners in ex-council owned housing and how this will link to the Council's housing improvement plan which aims to assist owners by advising them in advance of all impending communal repairs required to their property. The report will also address the issues previously raised by Cllr. Yvonne Allan regarding property maintenance and differentiating between repairs and improvements.

2. RECOMMENDATION(S)

It is recommended that committee instructs the Director of Housing and Environment to: -

- Consult with owners of former council houses in order to role out the property management service in incremental stages across the city
- Present a further update report to committee on 25th May 2010 on the progress of the service.

3. FINANCIAL IMPLICATIONS

The move towards planned maintenance of common elements for all tenemental properties will assist the council in the process of moving from the current situation of predominantly reactive repairs to more planned cyclical maintenance, which should see a financial saving to the HRA in the longer term. It is difficult to quantify what this is likely to be, but it will provide for better financial management as more of the budget can be forecast at the beginning of the financial year.

The financial viability of this project is solely dependant on the uptake of the service by the various owners and while it will reduce costs to the HRA fund in the medium to long term, there will be an initial cost implication to get the project operational. While this cost can be recovered from the income generated it is unclear as to how long it may take to reach break even.

At the Policy & Strategy Committee on 29th April 2009 it was agreed that officers could;

- utilise £50,000, (£25,000 from Housing Revenue Account (HRA) and £25,000 from Private Sector Housing Grant (PSHG)), in developing, and consulting on this service

Owners also have the option of deciding not to use Aberdeen City Council to deliver the service but may instead use a private company and the HRA fund will then become liable for a shared cost.

If the scheme has to be enforced using Maintenance Orders under the Housing (Scotland) Act 2006, a suitable funding source will be required.

The follow up report will identify how the service is to be delivered, e.g. – in-house or external provider.

4. SERVICE & COMMUNITY IMPACT

It is intended that service delivery to owner occupiers within mixed tenure blocks will improve the quality of housing for all citizens within Aberdeen and as such, this proposal links to 3 of the key housing aims within “Vibrant Dynamic & Forward Looking”. These links are; accelerate the modernisation programme of Council homes and reach the Scottish Quality Standard. Provide better secured controlled access to multi-storey blocks, Enhance the total environment in social housing areas. It will also impact on a speed up of letting and repairs in Council homes.

This work will also relate to the National Outcomes and local outcomes of the Community Plan and Single Outcome Agreement in that it will contribute to; “live in well designed, sustainable places where we are able to access the amenities and services” and also the delivery of better modernized services.

5. OTHER IMPLICATIONS

There are various statutory instruments that require properties, particularly tenement properties to be repaired and maintained. These are; Title Deeds, the Tenements (Scotland) Act 2004, and the requirement for all local authorities and registered Social Landlords to meet the Scottish Housing Quality Standard by 2015 under the Housing (Scotland) Act 2001.

6. REPORT

Background

Property management, within tenement properties has been identified as being one of the main contributing factors for disrepair within the private sector housing stock. It is also having an increasing impact on the council’s ability to maintain its own housing stock as more and more properties leave our ownership thus making future planning and day to day maintenance less predictable. It is the need to tackle the latter that has prompted the need for a property management

Councillor Allan previously submitted a motion regarding the issue of property management which ultimately led to elected members at the Community Services committee requesting that officers seek options to address the following issues: -

- i.) the development of a policy to work around the legislation. *(this related to obstruction around installation of door entry systems).*
- ii.) the need to provide a factoring service. *(property management).*
- iii.) the need for a clear definition of maintenance and improvement items.
- iv.) classifying door entry systems as an urgent repair; and
- v.) health & safety issues.

In response : -

- Item i.), there are both practical and legislative reasons as to why owners can not be forced into installing door entry systems, however, it is expected that through the process of property management the council will be better placed to work with owners to persuade them of the benefits to be gained from the installation of door entry systems.
- Item ii.) - is addressed by this report
- item iii.) - in simple terms a repair is works carried out to sort a faulty component which is already in place, while an improvement is works to install a new item. For example, it may be more prudent to replace a broken component with a new part. The act of installing a new component may by its act constitute an improvement; however, it will still constitute a repair as one is not possible without the other. For instance, replacing a door entry system that is faulty may be an improvement, but is technically still a repair. But, installing a door entry system for the first time is an improvement. The same scenario applies to a number of other repairs.
- Item iv.) is already classed as an emergency repair where the door is open as it means the building is insecure.
- Item v.) is answered by carrying out emergency repairs on items of maintaining the home in a wind and watertight condition and keeping the home secure.

Our objective is to establish a property management service in all mixed tenure properties to ensure the long term maintenance of the property and assist in the day to day upkeep and repair of the property by engaging with our co-owners. To achieve co-operation of all owners by gaining their respect through the quality of service that we provide.

Outcomes to be achieved

- Timeous intervention in short term repairs,
- Extended economic lifespan of the property,
- Long term improvement in property maintenance,
- Greater awareness by all owners of responsibilities to common repair & maintenance,
- Improved returns to ACC for common repairs and other services.
- Retain our services as property managers even once passed half way point.*
- To establish an owners committee that helps make scheme decisions.
- That ACC works with owners to attain the best outcome for the properties.

** Co-owners can make scheme decisions whereby a majority of owners can make decisions about the service they wish to be carried out to their property, this includes who manages the property on their behalf. It is therefore possible that once ACC lose the majority share, that the owners can decide to opt out of the scheme and either choose an alternative property manager, for who we will be liable for a shared cost, or may opt not to carry out property maintenance at all.*

6.1 What we propose the scheme to cover

The proposal for this scheme is to offer property management to all mixed tenure flatted properties in which Aberdeen City Council still retain some interest, whether in a majority or minority role. It is intended that the scheme will offer our clients the following options: -

Standard service inclusions

Assist with arrangement of Management Committee, (owners group),
Carry out regular surveys of the properties and report to clients,
Develop proposals for cyclical and major repairs to the common parts of the buildings,
Provide project management for agreed works,
Ongoing periodical cleaning of common areas and open spaces around the properties,
Maintenance of open areas where relevant,
Communal insurance.

Possible additional service inclusions:

A number of additional elements could be included within the scheme dependant on the development of linkages with other services and voluntary sector work.

- Identifying cyclical works programmes (including maintenance and cleaning and gardening),
- Advise on planned maintenance issues and act as agent where required, (additional fees charged as one off items). Alternatively, project manage and use private sector Agents to tackle large repair issues. (*Links to Aberdeen City Council's improvement programme*).
- Regular surveying, quality inspections and reporting on the state of the property to owners and the Council. (*Links to Aberdeen City Council's Asset housing improvement programme*).
- Advise on safety and security measures to improve the building and surrounding areas,
- Advise on energy efficiency measures and recommendations for owners,
- Assistance in establishing a common repair fund for owners,
- Identify and provide assistance where grant funding from various sources could be applied,
- Signposting,
- Billing and cost recovery advice and services to owners within the scheme, (alternative is to leave owners to manage this element themselves).

Introduction of the Service

It is intended that the service will be gradually rolled out across the City in predetermined localities. These locations have as yet to be agreed as officers will require considering where the most immediate need is, but the proposal is to begin in the Mastrick letting area, (see below). That will be dependant upon a number of factors such as; volume of flatted properties; style mix of properties; urgency of repairing issues and most immediate impact on the council's own works programme and the impact on the owners who will be paying for the services. The timescale for introducing the scheme city wide will be largely dependant on the outcomes of a trial area. This is a new concept for both Aberdeen City Council and our citizens, and although we are guided by what has happened in other

regions, each location has its own differing circumstances that will greatly influence the uptake and eventual viability of such a scheme. Officers will continually monitor the take up and measure the income against the outgoings in order to ensure that the scheme is cost neutral to the council. It may be that some letting areas will prove more viable than others and alternative options for the non viable areas will then be explored in order to reduce the risk to the council but still meet our objectives to better manage the stock and involve all owners.

This scheme can only work if the owners in the areas where we are marketing the service are prepared to opt in to the scheme. Where the council does not retain the majority ownership we are unable to enforce the scheme without serving a Maintenance Order under the Housing (Scotland) Act 2006. In order to use the enforcement powers we require identifying a suitable funding source. Otherwise the enforcement powers will have no effect.

Structural surveys have been carried out in the Mastrick letting area with several essential repairs being identified and programmed to progress throughout the next financial year. The intention is to begin with the wholly owned council homes and then move on to the mixed homes. This timetable will present an ideal opportunity for the council to engage with the owners in the mixed tenure blocks and promote the concept of property management. This consultation will begin in the financial year 2010/11.

Where we are now

Officers have considered a number of service models already operating around Scotland and have chosen what are considered to be the most workable options suitable to our own locality. In order to deliver the service we are currently endeavouring to identify as accurately as possible the potential client base by location and property styles. A suitable location within the new service structure has still to be identified along with available resources to deliver the service, although the full resource requirements will not be known until we begin to introduce the service, officers will continually monitor and assess the situation as we roll it out in stages across the City and match the resources to the requirements commensurate with uptake for the service.

Information literature for promotion of the scheme to potential client groups is in Draft format and will continue to be developed as the proposals are worked through.

The Sales & Consents Unit within Housing & Environment currently liaises with owners of former Council properties on capital works projects. If the Mastrick letting area was chosen as a starting point it would be capable in the initial stages of running a property management service in that area with no additional staffing resources required. In the longer term it would also be capable of liaising with private property management companies, however, if the Council were running property management schemes citywide, resources would require to be reviewed.

7. REPORT AUTHOR DETAILS

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8. BACKGROUND PAPERS

Policy & Strategy Committee, 28th April 2009, Property Management – Mixed Tenure
Tenements (Scotland) Act 2004
Housing (Scotland) Act 2006
Local House Condition Survey 2005 (ACC)