FACTORS IN COMMON

How local authorities manage common repairs to property in mixed ownership in Scotland

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SCOTTISH CONSUMER COUNCIL
Chairman's Preface

Dealing with common repairs is notoriously difficult, and can be distressing or worse for owners when things go wrong. Much has been said of the problems and their solutions in the traditionally private sector. Little, on the other hand, is known about what happens when owner occupiers share common parts with local authority tenants. This situation has come about largely as a result of the Right to Buy. What we do know, is that the Right to Buy brings owners and local authorities into a new and complicated relationship, with plenty of scope for misunderstanding and disagreement.

In this report, we present the findings of our research into how local authorities manage common repairs that involve Right to Buy owners. Looking at various aspects to do with providing owners with information about their responsibilities, arrangements for consulting owners about proposed work, the use of title deeds, local authority factoring services, and buildings insurance, we collected information from 27 out of Scotland's 32 local authorities.

Disappointingly, we found little evidence of widespread good practice. Indeed, our evidence suggests that common repairs involving former council property has received little attention by Scottish local authorities. We were struck by the lack of written management standards for this type of property management by local authorities. This contrasts sharply with housing associations, for example, who are monitored on their adherence to written standards.

It wasn't all bad, however. We did find pockets of good practice, such as information leaflets produced by Inverclyde and West Dunbartonshire councils, and a survey of owners being carried out by Dundee City Council.

Our findings confirm the need for a closer look at the management of common repairs to former council housing in Scotland. They will be of interest to central and local government, as well as to bodies such as Scottish Homes, the Chartered Institute of Housing in Scotland and the Law Society for Scotland. I commend this report to you, and take the opportunity to invite your interest in our next study, which will be to explore the experiences of the owners themselves.

Devidre Hutton

May 1998
Acknowledgements

We would like to thank the local authorities who, during this busy time for local government, filled in our questionnaire. Particular thanks are due to those we met, who included officials from local authorities, from the private sector, and from national bodies.

The work for this research was overseen by the Scottish Consumer Council's Social and Economic Affairs Committee. The committee was chaired by Bruce Collier, and its members were Margaret Burns, Gillian Campbell, Dougie Herd, Jeremy Mitchell, Tom O'Malley, and Deirdre Hutton (ex officio).

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Chapter 1  Introduction

Background

"The most annoying thing is having to pay for common repairs without prior notice of the work" was one comment made by a council-house purchaser in our 1990 study of the Right to Buy in Scotland. Our 1990 research, and research carried out by PIEDA for the Scottish Office in the same year, pointed to difficulties between Right to Buy owners and local authorities over common repairs and maintenance. Many individual owners were especially concerned about poor consultation over important work, were unaware of their rights and responsibilities, and lacked information about common repairs and insurance.

When council tenants were given the Right to Buy their homes in 1980, little attention was given to the implications for managing common repairs. Since the Right to Buy legislation, there have been over 304,000 houses sold to former council tenants. Little information is available to shed light on the number of these which share common parts with remaining tenants. In our 1990 research, 41% of purchasers said they had common repairs and maintenance responsibilities. What is clear, is that the Right to Buy has increased the number of properties now in mixed ownership.

Common parts can include the roof, the shared entrance, the stairs, the outside walls, and cleaning and caretaking services. It is not just flats, but also four-in-a-block houses and terraced houses that can have common parts. A distinction needs to be made between repairs, which put right damage to the property, and improvements, which may not be necessary but which keep the property in good condition and prevent it from falling into disrepair. Clearly, while there is scope for disagreement between owners about the need for repairs, even more problems can arise about the need for improvement work. A distinction also needs to be made between repairs that are necessary because of wear and tear, and repairs that are needed as the result of an insurable event (such as storm damage). Insurance of common parts is an issue we touch upon in this report.

Dealing with common repairs to property shared between owner occupiers and tenants raises some complex legal and financial issues for both owner occupiers and local authorities. The Scottish Consumer Council (SCC) has, for many years, looked at issues concerning the management of common repairs, mainly in the private sector. The problems and difficulties in this sector are well recorded. Owners can find it difficult to agree on the need to carry out a repair; to arrange them to be carried out and inspected; and to recoup the costs of any repairs from the other owners.

But managing repairs to property owned jointly by a council and individual owner occupiers opens up a different set of questions to be addressed. We touched on these briefly in 1990, and are now taking the opportunity to look more closely at how local authorities manage common repairs under these circumstances.
The local authority role

Where there are council tenants, the local authority as landlord has a responsibility to maintain and keep in good repair the common parts of the building. This means, among other things, that the local authority has to be able to carry out maintenance and repair works when these are necessary.

Problems, however, can occur when one or more of the occupants is an owner occupier. For example, where one tenant in a tenement block of six flats buys their house through the Right to Buy, the remaining tenants should expect the council to continue to maintain the common property. While the rent paid by the tenants will include an element to cover this cost, there has to be a way of recouping the owner’s share of the cost of work carried out.

Problems can arise out of local authorities’ planned maintenance programmes. For example, the council may as part of a planned improvement policy undertake re-roofing or the installation of controlled entry phones in a building. Such work is to the benefit of all occupants, whether tenants or owners, and there has to be a legal means of recouping the owners’ share of the costs. Planned maintenance programmes can also lead to problems for owners. For example, an owner may be prevented by the local authority from “buying in” to the maintenance work, if the local authority has decided to exclude Right to Buy property.

Other problems can be experienced by owner occupiers. For example, in our 1990 study, some owners were unhappy with the quality of work carried out by the council, or were unable to get work done because of the council. Some owners had been in difficult disputes with their local authority over the management of common property.

Conditions set out in title deeds can be used to spell out how the local authority and the owner occupier will deal with the repair and maintenance of common parts. Title deeds, for example, can outline the council’s right to carry out repair works up to a certain value, and the arrangements for obtaining the consent of owners to carry out work. While title deeds are important in setting out such arrangements, many owners are unaware of the content of their title deeds. Almost a third of Right to Buy owners in our 1990 survey said they had not received enough pre-purchase information about their future repairs responsibilities. Solicitors should play a key role in explaining to people what is in the title deeds, so that purchasers understand what they are buying into. We are aware, however, that this does not always happen.

Factoring

One solution to the problems of obtaining owners’ agreement to carry out work, is to appoint a factor. A factor is the agent of each owner, and can instruct repair work on behalf of them. Normally, a factor can make decisions about the maintenance of common property, as if the owners had taken a vote together. The factor’s entitlement to do this will come from conditions accepted by the owner in the title deeds.
The factor's powers and duties, as well as being set out in the title deeds, are governed by the common law of agency, which means (as the agent of the owner) the factor is not required to consult owners about repair work. However, the SCC has long recognised the difficulties that can arise from a lack of communication between factors and owners. It is the responsibility of the owners to keep common parts in good repair, and we have suggested elsewhere⁴ that if owners are not consulted, then they are less likely to take their common repair responsibilities seriously, which makes the factor's job more difficult. Problems of mistrust can easily follow. It is important to point out that the factor is answerable to owners, who pay for the service.

We see a role for local authorities in providing factoring services to Right to Buy owners, or in arranging for the services of an alternative factor (such as a housing association or a private company). Where the council decides to provide a factoring service itself, it will only be entitled to do so if the appropriate provisions are set out in the title deeds. If they are not, it may be that owners will agree to allow the council to act as their factor, since owners (under certain circumstances) can appoint their own factor.

In cases where the council factors its own tenanted property, there may be a need for safeguards to protect against conflicts of interest. For example, the council as factor may decide that it would be beneficial to carry out maintenance work to a common property. It may, however, as a part owner of the common property, know that it does not have sufficient budget for the work. In such a case, owner occupiers would be paying for, but not receiving, a factoring service.

Another example is when the owner obtains a statutory repairs notice, to enforce essential repair work if other owners (including the council) refuse to agree. In this case, one part of the local authority will be required to take action to enforce the statutory repairs notice against another part of the local authority.

An alternative is for the council to consider appointing an independent factor, such as a housing association or a private company. A private factor would make decisions about the common property, and treat the council as any other owner occupier. While this would lead to an impartial factoring service, the council may have to consider its course of action in the event of being unable to pay its share of larger repairs. On the other hand, if the works were deemed necessary by the factor, then it could be argued that the council had a responsibility towards its tenants to have the work done anyway.

PIEDA's 1990 research considered the legal position of local authorities. The approach to handling common repairs, set out in title deeds, was found to be variable across the country, and even within local authority areas. Some local authorities, such as Glasgow, were found to have title deeds which very clearly spelled out common repair arrangements, but which could also be described as rather "heavy-handed". Others were found to have less demanding conditions. PIEDA found, however,
that local authority staff tended to have poor knowledge of what was in the title deeds, and about the legal enforceability of provisions. This lack of knowledge on the part of council staff is worrying, as they might be expected to give advice to inquiring owner occupiers.

Since the PIEDA research, the Unfair Terms in Consumer Contracts Regulations 1994 have been put in place, to protect consumers against unfair standard terms. There is some doubt whether the Regulations apply to land and property, but local authorities should have regard to the Regulations, since they may apply. Individual consumers have the right to challenge the use of unfair terms in the courts, and unfair terms in contracts entered into from 1 July 1995 are not enforceable against them. While the Office of Fair Trading has no power to take action on behalf of consumers, it does have the power to prevent the continued use of unfair terms.

Insurance
We are aware that some local authorities arrange buildings insurance for Right to Buy owners. However, while local authorities have an interest in ensuring that owners who share common parts with tenants are properly insured, sellers of property in the open market do not have a right to insist on the purchaser taking out buildings insurance. Furthermore, it is normally a condition of obtaining a mortgage that owners take out adequate buildings insurance for their home.

Where several owners share a building, problems may arise if each owner arranges different insurance cover (for example, delays in processing claims). One solution is for the factor, where there is one, to arrange a common insurance policy, to which individual owners pay their share of the premium. A common insurance policy means that the factor only has to deal with one insurance company in the event of damage to common property, avoiding longer delays to repairs.

On the other hand, it is the owner's responsibility to make sure they can pay their share of common repairs bills, whether by taking out buildings insurance or by other means. Owners, therefore, need to be able to make their own insurance arrangements. Where the factor arranges a common insurance policy, owners should be able to choose their own policy if the level of cover does not meet their needs. Local authorities who provide factoring services and who arrange common buildings insurance policies, therefore, need to be aware of the provisions of the Unfair Terms in Consumer Contracts Regulations 1994.

Therefore, while the SCC would argue for the choice of whether to opt into a common insurance policy, we do not underestimate the problems that can arise out of the failure of some owners to make inadequate provision to meet their share of common bills. While we touch on matters relating to insurance in this report, the problems and possible solutions surrounding buildings insurance may need to be explored in more depth at another stage.
Other landlords
Tenants of other public sector landlords (such as Scottish Homes) have also been able to buy their homes, and face similar common repair issues to purchasers of council houses. In addition, many housing associations provide factoring services, either to their former tenants as owners or to wholly owner-occupied buildings. While our research is mindful of these other landlords and the important role that they play, we focus for the moment on the role specifically of local authorities.

Grants
Local authorities can provide grant assistance to owner occupiers to help them keep their property in good repair. It could be argued that local authorities have an interest in making sure the property repaired is not then neglected. Indeed, grants are normally given only after the local authority is satisfied that the building will have a certain lifespan as a result. Questions about the role of the local authority after it has given grant assistance are related to common repair issues, but go beyond the scope of our current research.

Methodology
Managing common repairs to property owned jointly by local authorities and Right to Buy owners, involves complex financial and legal relationships. The SCC believed the time was right to find out more about what actually happens.

Given the complex nature of the topic, we took a three-staged approach to the research:

- First of all, we sent a letter to all 32 local authorities in Scotland, asking for a broad position on their approach to common repairs.
- We then arranged a series of meetings, to discuss in more depth some of the issues arising out of the responses to our letter.
- Finally, we prepared a postal questionnaire and sent it to all 32 local authorities in Scotland.

The next section discusses the responses to our initial letter and the issues emerging from our series of meetings. Chapter 2 goes on to present the findings of our postal questionnaire, while Chapter 3 discusses some research issues we were presented with in this study. Chapter 4 gives our conclusions and recommendations concerning the management of common repairs by local authorities on behalf of Right to Buy owners in Scotland.

Issues
We wrote to each local authority in July 1997, explaining our interest in the role of councils in maintaining property sold to former tenants. Our letter asked each council for a position statement on its approach to managing common repairs (such as providing a factoring service).

We received 26 replies to our letter (out of 32 councils). Only three stated clearly that they provided a factoring service, although another two wrote fairly ambiguous letters as to their procedures (and it turned
out that they provided a limited factoring service). We were surprised at how few councils had a factoring service in place.

Most of the councils told us they took a pragmatic, responsive or ad hoc approach to managing common properties. Different approaches were also taken within some council areas, if they had inherited the procedures operated by their former district councils. In other words, it appeared that some councils were reacting to problems as they arose, rather than taking a planned approach. This suggests that little thought has been given to this type of property maintenance in Scotland.

Following the responses to our letter, we set up a series of meetings with representatives of local authorities, other landlords, and private factors. Although our study began by focusing on factoring services, this broadened out into a number of related issues, as the result of the responses to our letter. Questions about local authorities' relationship with Right to Buy owners, standards of property management, and more specific issues such as factoring and insurance, emerged as important topics to explore. Our series of meetings found the following:

• **Relationship between owners and the council** - Our meetings with representatives of local authorities, other landlords and private factors, confirmed that the relationship between councils and Right to Buy owners could be very problematic. We were told by several of those we met that people often bought their house because of a difficult relationship with the council, only to find that they had to maintain a relationship with it. The people we spoke to thought this created bad feeling among many owners. For example, receiving agreement from owners and their share of repair costs, was difficult for councils. On the other hand, we found little sympathy on the part of councils for the importance of information for prospective owners about common repair responsibilities. Indeed one council official we spoke to felt that there was no point in providing information, as people would not understand it. The same person had a worrying attitude towards complaints from owners. While we appreciate that this new relationship with former tenants can be problematic for local authorities, we also recognise that people who buy their home and are now paying for repairs, are more likely to take an active interest in what they are paying for. This, of course, cannot be viewed as unreasonable, and we did wonder whether this was really difficult, or just a nuisance for local authorities.

• **Standards** - The Scottish Homes/SFHA publication *Raising the Standards in Housing* sets out minimum management standards for factoring. Housing associations have to comply with these standards, and are monitored by Scottish Homes. Our meetings revealed that management standards are also available for private factors. For example, the Property Managers’ Association have produced Best Practise guidelines, and guidelines had recently been issued through the Royal Institute of Chartered Surveyors. The Chartered Institute of Housing has also produced a *Good Practice Briefing*, which contains a checklist of good practice for local
authorities in managing common property. Other than this checklist, we did not come across any particular standards of service which Right to Buy owners could expect councils to comply with. This is worrying, particularly in light of the complex issues faced by owner occupiers and councils in managing common repairs. Owner occupiers should be able to expect certain standards of management practice, as owner occupiers in other housing sectors can. We would hope that as a result of this report, bodies such as CoSLA might address this issue.

- **Factoring** - There were concerns about councils’ legal position in providing factoring services. This arose out of the complexity of title deeds, and of making changes to title deeds. One of the councils we spoke to was particularly keen to look at how it could create a proactive factoring service, both for Right to Buy owners and the private sector. It saw benefits to both the council and to owner occupiers in developing such a service, although there may be an “image” problem to overcome if people were to see the council as providing a service they wanted to buy into. Another issue we probed in our meetings was whether councils could arrange for private factors to manage common property shared with the council and owner occupiers. There was no clear response to this question, although the private factors we spoke to thought it worth looking into. Another option is for local authorities to look to housing associations, many of which are experienced factors, to provide a factoring service in this area. Looking at alternatives such as these will become increasingly important to local authorities, with the development of Best Value.

- **Buildings Insurance** - We were aware that some local authorities arranged buildings insurance for Right to Buy owners. For example, Glasgow and West Dunbartonshire councils obliged owners to take out the insurance cover provided by themselves. Two individuals had challenged the councils’ right to do this, but failed in highly publicised legal disputes (reported in The Herald of 12 and 18 August 1997). We asked why some councils required owners to take out their particular policy. We were told that the main reason was that a common insurance policy was easier for the council to administer. We were also told that the council wished to arrange a “good deal” for owners, in terms of cost. If some owners refused to buy into the common policy, we were told, then it could make the premium more expensive for other owners. However, we repeat our concern that owners need to be able to make their own insurance arrangements, especially as cost is not the only factor to be taken into account.

Following our series of meetings, we designed a questionnaire to send to all local authorities in Scotland. The questionnaire had eight sections, looking in turn at a number of themes relating to the common management of Right to Buy properties. Appendix 1 shows the questionnaire we sent.

The findings of our survey are presented in the next chapter.
Chapter 2  Findings

This chapter presents the findings of our postal survey of local authorities. 27 out of the 32 local authorities in Scotland responded. Appendix 2 shows the councils who responded to our survey, and those who did not.

Information for owners

According to research published by PIEDA in 1990, Right to Buy owners appeared to be better informed about common repair responsibilities than open-market buyers. While Right to Buy owners gave the local authority as their main source of information, in most local authorities the only information given to owners about their responsibilities was the title deeds. We asked councils about the information they provided to owners about common repair responsibilities.

Twenty-three councils in our study said they provided written information for owners about their common repair responsibilities. We asked when owners were given this information:

<table>
<thead>
<tr>
<th>Owners are given information:</th>
<th>Number of councils</th>
</tr>
</thead>
<tbody>
<tr>
<td>When they purchase the property</td>
<td>22</td>
</tr>
<tr>
<td>When a repair is to be carried out</td>
<td>12</td>
</tr>
<tr>
<td>When the owner enquires</td>
<td>12</td>
</tr>
</tbody>
</table>

Twenty-two of the 23 councils with written information provided this when owners purchased the property. Nine of these said this was the only information they provided. Many of the respondents, however, indicated that this information was in fact the title deeds. While it is important for the title deeds to clearly specify common repair responsibilities as a basis for understanding, it is questionable whether this could be called information. Furthermore, many owners are unaware of the content of their title deeds.

Only seven councils said their written information was reviewed on a regular basis, and in some cases this amounted to no more than changes to their title deeds.

Our request for copies of information given to owners resulted in only four councils (West Dunbartonshire, Dundee, South Lanarkshire and Inverclyde) sending us copies. The information leaflets produced by Inverclyde and West Dunbartonshire explained common repair responsibilities to owners. Extracts from these leaflets are given in Appendix 3. South Lanarkshire sent us a copy of a letter, and Dundee a copy of a leaflet, each given to prospective Right to Buy owners, explaining their common repair responsibilities.

Consultation

It is good practice to consult owners about work that is to take place. People are less likely to refuse to pay bills if they have been involved in making decisions, and have had the opportunity to consider the need for
the work.

The Chartered Institute of Housing, in its Good Practice Briefing, says it is good practice to consult owners. Councils should have “clear policies and procedures to ensure that owners whose homes will be subject to works are consulted and involved at all stages.” In fact, the Institute goes on to say that it is good practice to consult owners on the same basis as tenants. While this is especially important where owners will need to meet larger bills, it can be costly to consult on every small repair. This may have to be done, however, if arrangements for carrying out common repairs are not detailed in the title deeds, or if a factoring service is not in place.

All councils except one said that they consulted individual owners about larger common repairs. Nineteen councils indicated that they would consult in all instances. Only five specified an amount above which they would consult:

- Inverclyde = £200 per repair;
- Glasgow = specific amounts depend on type of property (for example £200 per repair in a four-in-a-block, and £2,000 per repair in a tenement);
- South Lanarkshire = specific amounts depend on historical practice and type of property (for example £100 per household or £2,000 per block);
- Scottish Borders = £200 per household;
- East Dunbartonshire = £100 per repair.

We asked more about how this consultation was carried out.

The number of councils using the following means of consultation were:

<table>
<thead>
<tr>
<th>Individual owners are consulted by:</th>
<th>Number of councils:</th>
</tr>
</thead>
<tbody>
<tr>
<td>convening a residents meeting</td>
<td>10</td>
</tr>
<tr>
<td>meeting individual owners</td>
<td>17</td>
</tr>
<tr>
<td>by letter to individual owners</td>
<td>23</td>
</tr>
<tr>
<td>in other ways</td>
<td>1</td>
</tr>
</tbody>
</table>

Not surprisingly, the most popular method was by letter to the individual owner. In the case of seven councils, this was the only means of consultation. It is doubtful whether this can properly be described as consultation, rather than merely telling owners what the council is going to do. Two councils explained that past problems in reaching agreement with owners meant that this was now their approach, following arrangements set out in title deeds. However, failure to properly consult owners can lead to mistrust, which can be a source of many problems between the council and owners.

A surprisingly high number of councils (17) said they consulted individual owners on a face to face basis.

North Lanarkshire was preparing written guidelines, which would bring
together the different policies of previous local authorities (thus, it was
the council responding to “other means”).

Ten councils said they had written guidelines for consulting owners.
These were Dundee City, Falkirk, Fife, Aberdeen City, West
Dunbartonshire, Glasgow City, South Lanarkshire, Renfrewshire, Argyll
and Bute, and Angus. Several of these sent us copies of their standard
letters to owners, while Glasgow and Falkirk sent us copies of their staff
procedures for managing common repairs. Edinburgh said it was
currently drafting guidelines.

Complaints
Common repairs are notoriously fraught with problems and difficulties.
Owners need to be able to challenge poor service or inappropriate
decisions by the local authority on their behalf. Local authorities need to
use complaints information to improve the management of their service.
We asked about how complaints made by owners about common repairs
are handled.

Out of the 27 responses, only nine councils monitored complaints from
owners about common repairs. Twenty, however, were able to tell us
the most common reason for owners to complain. Complaints from
owners, according to these 20 councils, tended to be about the need for
repairs, the quality of the work, and the cost of the work.

- Only 11 councils could tell us how many complaints they generally
  received from owners in a year. A total of 1,104 complaints were
  handled annually by these councils, ranging from 4 (Western Isles)
  to 400 (West Dunbartonshire). Three out of the 10 councils said
  they received over 100 complaints each, while a further four received
  between 20 - 50 complaints. The remaining three received ten
  complaints or less per year from owners about common repairs.

- Of the nine councils who said they monitored complaints from owners,
  three did not know how many complaints they received (South
  Lanarkshire, Dumfries and Galloway, and North Lanarkshire). One
  commented that this was because complaints from tenants and
  complaints from owners were not distinguished.

Only six councils had a written complaints procedure for owners (Angus,
Dundee City, Highland, West Dunbartonshire, Falkirk and Inverclyde).
People are more likely to bring their concerns to the attention of the
council if they think they will be taken seriously. Dundee produced a
leaflet which publicised the telephone number of a help line service for
all council services. The leaflet also gave information about how to make
a complaint, with a tear-off FREEPOST “Complaint or suggestion” form,
which gave information in other languages. An extract from Dundee’s
leaflet is given in Appendix 3.

Carrying out repairs
Local authorities are responsible, as landlords, for the repair and
maintenance of their tenanted property. The Chartered Institute of
Housing, in its *Good Practice Briefing*, says that local authorities should have clear policies and procedures for identifying and dealing with properties in mixed ownership.

We asked some basic details of the numbers of properties and repairs to common property shared between councils and owner occupiers.

- Only 18 out of the 27 responding local authorities knew how many properties there were where owner occupiers shared common repair responsibilities with the council. And many of these were given as very approximate figures.

- The total number of properties between these 18 local authorities was 115,634. This ranged from 650 (Shetland Isles) to 33,604 (Glasgow).

- Only 14 local authorities were able to answer how many common repairs per month, involving owner occupied property, were carried out by the council. Between these 14 local authorities, an estimated 1,502 repairs per month were carried out. This ranged from about two repairs (in three local authorities) to 500 repairs per month (Renfrewshire).

We asked whether these repairs were carried out by the council directly, by a private contractor, or by a different arrangement. All respondents answered this question, including those who did not know how many repairs they carried out. The following table shows the answers to this question:

<table>
<thead>
<tr>
<th>Repairs carried out by:</th>
<th>Number of councils:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct labour organisation:</td>
<td>21</td>
</tr>
<tr>
<td>Private contractor</td>
<td>17</td>
</tr>
<tr>
<td>Another arrangement</td>
<td>8</td>
</tr>
</tbody>
</table>

"Other" arrangements tended to be where owner occupiers instructed their own repairs and billed the council for its share of the costs.

Of the 13 councils who did not have information about the number of repairs they carried out, 11 used their own direct labour organisation and seven hired private contractors to do the work. In other words, in our survey, there were 11 local authorities who said they carried out repairs directly, but did not know how many they did; and seven who said they contracted a private company to carry out an unknown number of repairs. This observation leads us to question how these local authorities are able to achieve value for money in the absence of such basic management information.

We asked whether councils provided a post-repair inspection service for common repairs. Six councils (Shetland Isles, West Dunbartonshire, City of Edinburgh, Aberdeenshire, Angus and East Lothian) provided a post-repair inspection service in the case of all repairs carried out.
Orkney and South Ayrshire provided no post-repair inspection, while the remaining 20 councils did so in some cases. Typically, this was arranged on a sample basis (for example, 30% of all repairs would be inspected).

East Lothian was one of the 13 councils in our survey lacking information about the number of repairs, yet was able to tell us who carried out the work, and that post-repair inspections were carried out in all cases.

**Billing arrangements**

Where repairs are carried out, a frequent problem can be getting the owners to pay their share of the costs. The Chartered Institute of Housing says, in its *Good Practice Briefing*, that local authorities should have “clear policies and procedures to ensure that owners are recharged for works where appropriate.”

All respondents were able to tell us about when they invoiced owners for repairs to common parts:

<table>
<thead>
<tr>
<th>Owners are invoiced:</th>
<th>Number of councils:</th>
</tr>
</thead>
<tbody>
<tr>
<td>as soon as the work is complete</td>
<td>8</td>
</tr>
<tr>
<td>within 3 months</td>
<td>10</td>
</tr>
<tr>
<td>within 6 months</td>
<td>3</td>
</tr>
<tr>
<td>annually</td>
<td>0</td>
</tr>
<tr>
<td>a different arrangement</td>
<td>6</td>
</tr>
</tbody>
</table>

The councils who invoice owners up to 6 months after the work is carried out were Fife, Argyll and Bute, and Dumfries and Galloway. This seems a rather long gap between having repairs carried out and having to pay for it.

“Different” arrangements included the fact that differing billing arrangements operated by the previous local authorities meant no one policy was adopted across the current local authority area; or that invoices were sent out to owners as soon as these were received from the contractor.

We asked about how owner occupiers were made aware of the council’s billing arrangements.

Eighteen councils said the title deeds contained this information. North Ayrshire, East Lothian and Aberdeenshire were the only three of these who provided no other form of information about billing arrangements. Seventeen councils gave owners information about billing arrangements when repair work was due to begin, and nine said they provided information (other than in the title deeds) to all owners about billing arrangements. Several councils sent us copies of standard letters they sent to owners, advising them of their liability to pay a share of repairs about to be carried out. Inverclyde and West Dunbartonshire were the only two who sent us copies of information leaflets they produced for owners. In these leaflets, owners were advised about their common repair responsibilities, their responsibility for payment, and some details of how billing was arranged.
Angus and North Lanarkshire were the only two respondents who said they included job sheets with the invoice to owners: that is, a detailed break down of the work done. Many other councils indicated that they provided a broader description of the work, or more detailed information if requested by owners.

We asked about the extent of refusal, on the part of owners, to pay for their share of common repairs. Only 16 councils could tell us how many owners refused to pay bills. Of these, refusals ranged from none (five councils) to 75% (Argyll and Bute). In the case of four councils, more than 20% of owners refused to pay bills, and the remaining councils faced this problem from less than 10% of owners. Research among owner occupiers themselves would shed light on the reasons for refusal to pay these bills.

It is interesting to compare the results of neighbouring councils. For example, East Dunbartonshire experienced 30% of owners refusing to pay their share of common repair bills, while the level in West Dunbartonshire was 5%. Even given that these figures are likely to be estimates, the difference is surprising.

We asked about the final action councils would take to recover bills due from owners. In some cases, local authorities explained that the action taken would depend on the amount owed, and so some councils gave more than one response. The following table shows the number of councils who indicated their final course of action to recover costs due from owner occupiers:

<table>
<thead>
<tr>
<th>Final action</th>
<th>Number of councils:</th>
</tr>
</thead>
<tbody>
<tr>
<td>take the owner to court</td>
<td>23</td>
</tr>
<tr>
<td>offer a staggered payments facility</td>
<td>14</td>
</tr>
<tr>
<td>the amount is written off</td>
<td>8</td>
</tr>
<tr>
<td>a different arrangement</td>
<td>3</td>
</tr>
</tbody>
</table>

One local authority did not respond to this question.

Most councils would take the owner to court as a final action to recover costs, although in some cases, the costs of recovering money may be higher than the amount owed. In such cases, local authorities may have to reach a decision about pursuing owners. Eight councils said they would have to write off the amount owed to them in some cases. Dundee, for example, said that it would write off the amount owed only if the owner could not be traced.

**Factoring**

Providing a factoring service is one way of resolving problems about owners agreeing to carry out repairs, as the factor acts as the agent of each owner. We are interested in the formal role councils can play in property maintenance, by providing a factoring service for owners.

Eleven councils indicated that the title deeds allowed them to provide a factoring service for owners in former council property.
Of these, nine actually provided a factoring service:

North Lanarkshire
East Dunbartonshire
Scottish Borders
Perth and Kinross
South Lanarkshire
City of Edinburgh
Glasgow City
West Dunbartonshire
Inverclyde

Perth and Kinross said that it provided a limited factoring service (stairways) but had no formal factoring arrangements. In addition, Falkirk provided a factoring service, although this was not an entitlement in the title deeds.

The longest factoring service in our survey had been run for 20 years (South Lanarkshire), while the shortest was five years (East Dunbartonshire).

Eight out of the 10 factoring local authorities told us how many properties they factored. Between these eight, a total of 29,361 properties were factored. This ranged from 20 (East Dunbartonshire) to 17,388 (Glasgow). Six out of the eight factored more than 1,000 properties each.

The following table shows how many properties were factored by each of the 10 councils, compared with the number of properties they said were in mixed ownership:

<table>
<thead>
<tr>
<th>Local Authority</th>
<th>Properties in mixed ownership</th>
<th>No of factored properties</th>
<th>% of properties in mixed ownership that are factored</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inverclyde</td>
<td>1,400</td>
<td>1,400</td>
<td>100%</td>
</tr>
<tr>
<td>Falkirk</td>
<td>6,983</td>
<td>1,095</td>
<td>17%</td>
</tr>
<tr>
<td>West Dunbartonshire</td>
<td>2,100</td>
<td>1,758</td>
<td>84%</td>
</tr>
<tr>
<td>Glasgow</td>
<td>33,604</td>
<td>17,388</td>
<td>52%</td>
</tr>
<tr>
<td>Edinburgh</td>
<td>*</td>
<td>300</td>
<td></td>
</tr>
<tr>
<td>South Lanarkshire</td>
<td>8,000</td>
<td>6,400</td>
<td>80%</td>
</tr>
<tr>
<td>Perth &amp; Kinross</td>
<td>8,000</td>
<td>*</td>
<td></td>
</tr>
<tr>
<td>Scottish Borders</td>
<td>1,020</td>
<td>*</td>
<td></td>
</tr>
<tr>
<td>East Dunbartonshire</td>
<td>6,500</td>
<td>20</td>
<td>less than 1%</td>
</tr>
<tr>
<td>North Lanarkshire</td>
<td>20,000</td>
<td>1,000</td>
<td>5%</td>
</tr>
</tbody>
</table>

* The asterisk indicates where information was not available.

We asked how often owners were sent the bill for factoring services.

<table>
<thead>
<tr>
<th>Owners are invoiced</th>
<th>Number of councils</th>
</tr>
</thead>
<tbody>
<tr>
<td>every month</td>
<td>1</td>
</tr>
<tr>
<td>every three months</td>
<td>3</td>
</tr>
<tr>
<td>every six months</td>
<td>2</td>
</tr>
<tr>
<td>annually</td>
<td>2</td>
</tr>
<tr>
<td>other</td>
<td>2</td>
</tr>
</tbody>
</table>
“Other” arrangements were made by South Lanarkshire and Scottish Borders. In South Lanarkshire, different arrangements followed those of the previous local authority boundaries, while Scottish Borders charged a percentage of repairs invoices rather than charging a set factoring fee.

Seven out of the ten factoring local authorities told us about the proportion of factoring bills that tended to be challenged by owners. Very few owners refused to pay factoring charges, less than five percent overall.

We asked about when owners were made aware of the council's factoring service:

<table>
<thead>
<tr>
<th>Owners are made aware</th>
<th>number of councils</th>
</tr>
</thead>
<tbody>
<tr>
<td>In the title deeds</td>
<td>8</td>
</tr>
<tr>
<td>by written information sent to all owners</td>
<td>3</td>
</tr>
<tr>
<td>by other means</td>
<td>2</td>
</tr>
</tbody>
</table>

Eight out of the ten gave this information in the title deeds. This was the only response given in the case of four councils (South Lanarkshire, Scottish Borders, East Dunbartonshire and North Lanarkshire). North Lanarkshire indicated, however, that it has asked lawyers in its area to advise it of changes of ownership, so that new owners can be informed about the factoring service.

Glasgow, Falkirk and Inverclyde said they sent written information to all owners. Glasgow sent us a copy of a letter sent to recent purchasers, telling them that the council acted as factor, while the information leaflets produced by Inverclyde and West Dunbartonshire included information about their factoring services.

South Lanarkshire and Edinburgh said they gave owners this information by other means: owners were advised when they applied to buy their house.

Factors are answerable to individual owners who pay for their service. To provide a reasonable service, and so that owners know what to expect for their money, there should be written management standards. Housing associations who provide factoring services must adhere to written standards, which are monitored by Scottish Homes.

Only one council in our survey (Falkirk) said it had written management standards for its factoring service. These, it said, were revised annually as part of its normal budget process. While Falkirk did send us a copy of its procedures for staff in dealing with common repairs, similar to that sent to us by Glasgow, we did not receive a copy of written management standards. In fact, the closest information we received that could be described as written management standards was West Dunbartonshire’s information leaflet, which clearly outlined the duties of the factor.
Buildings insurance

A common insurance policy, where each owner pays a share of the premiums, can overcome problems such as delays to repairs following accidental damage to common property. On the other hand, owner occupiers need to reach their own decisions about the insurance cover that meets their needs.

Six councils in our survey arranged buildings insurance for Right to Buy owners, and in the case of Dundee, this was only where the owner had purchased their home with a council loan. One of the six, Falkirk, allowed owners to choose their own insurance arrangements if they wished. The remaining four, however (West Dunbartonshire, Glasgow, South Lanarkshire and North Lanarkshire), said that owners could not choose their own insurance. In addition, owners who had purchased their property with a loan from Dundee City Council could not choose their own insurance.

In these councils, therefore, owners had to take out their buildings insurance through the council, and could not choose their own. While there may be benefits in a common buildings insurance policy, it is the owner’s own responsibility to be insured, particularly as buildings insurance covers property that is not commonly owned.

Falkirk had a three year contract with the insurance company, and the contract was tendered by the council’s broker. The level of cover, competitive rates and customer service were listed as the key elements of the contract. Dundee, Glasgow and North Lanarkshire issued their insurance contracts for five years.

Five of the six councils who arranged buildings insurance also provided a factoring service. Dundee did not. The six councils said they gave written information to all owners about the insurance. The information we received from the councils was the insurance policy document, although West Dunbartonshire included, in its leaflet for owners, information about buildings insurance arrangements.

We asked whether the councils received commission from the insurance company. Five out of the six said that they did. West Dunbartonshire said it did not.

- Falkirk said it received 20% of premiums;
- Glasgow received 25%;
- South Lanarkshire received 30% (which it said was an "admin fee" rather than commission);
- Dundee received 20% commission;
- While they did indicate that they received commission, no other information was made available from North Lanarkshire.

This raises serious questions about the role of local authorities who arrange common buildings insurance for owners. For example, if the council is acting as the owner’s agent, then it needs to be able to act in the owner’s best interests. Whether it can do this while receiving
substantial commission from the insurer is not clear. If, on the other hand, the council is acting as the insurer’s agent (accepting commission) then this has to be fully disclosed to owners, who then should have the choice of whether to opt into the scheme.

A further issue to do with arranging insurance, which was a problem in our 1996 research into home contents insurance schemes arranged by local authorities, concerns giving information to the insurer. The insurance contract is between the owner and the insurer. Owners are therefore legally responsible for the accuracy of information passed on to the insurer. If certain information is missing or inaccurate, then the owner could find, in the event of a claim, that the insurance contract is invalid. There could be confusion over the responsibility for information passed on to the insurer if the council’s role is not made clear.

We asked about the number of insurance complaints received in a year. West Dunbartonshire and Falkirk received 50 and 20 complaints a year respectively, while South Lanarkshire and Glasgow said they received four and one complaint a year respectively. Dundee said that complaints were usually made to the insurer rather than the council, which is likely to be the case across Scotland.

Dundee, Falkirk, West Dunbartonshire and North Lanarkshire said they had written guidelines for handling these complaints, in each case the council’s general complaints procedure. The other two had no written guidelines.

Customer satisfaction

Whether they provide repairs, factoring or insurance services, an essential element of local authority management practice should be to find out owners’ views of their services. We therefore asked the councils if they carried out customer satisfaction studies among Right to Buy owners. Dundee was the only council out of the 27 in our survey to have conducted customer satisfaction studies among Right to Buy owners receiving repairs services. We received a copy of Dundee’s questionnaire to owners, and this included questions about information prior to repairs, the quality of work done, and perceived value for money.

The next chapter points out some of the research issues we encountered in this study, while Chapter 4 draws conclusions and sets out our recommendations.
Chapter 3  Research issues for discussion

Research among local authorities can be used to make important decisions, or to provide an accurate picture of how local authorities operate. Often, research will be carried out to inform decisions about allocating substantial resources. In the case of the Scottish Consumer Council (SCC), we carry out research in order to highlight the need for improvements in service delivery and decision making, from the consumer perspective.

Local authorities are being expected to produce more and more information, such as to demonstrate their compliance with the principles of Best Value. The establishment of the Scottish parliament will undoubtedly lead to fuller public scrutiny of local government, increasing the need for better information about local authorities’ activities, policies and performance.

Research information from local authorities, therefore, is important and needs to be accurate and reliable.

Members of the public also need access to accurate information from local authorities. As we have discussed in the introduction to this report, PIEDA's 1990 research found that local authority staff tended to have poor knowledge of matters to do with common repairs. This is particularly worrying, when people may need advice about a matter that is causing them difficulty.

Local authorities, therefore, must be able to provide accurate information, with a minimum of fuss, to people needing their advice and to researchers carrying out work that will be used to make decisions about local authority services. However, our experience of carrying out our study has given rise to a number of concerns, which we open up for discussion at this stage.

This chapter gives examples of difficulties we encountered with the information given to us by local authorities as part of this study. Our purpose in highlighting these, is to stimulate discussion among local authorities and researchers about the need for good quality information and about ways of making such information more readily available.

We encountered contradictions between the information given to us in the initial letters and the questionnaires, one authority who sent us two completely different questionnaires, and many problems of incomplete questionnaires.

Contradicting Information
Here are two examples of the responses we received, where there appeared to be contradictions between letters and questionnaires.

One council told us “we do not offer a factoring service to owners. Our advice is that such a service cannot legally be carried out”. However, their questionnaire response contradicted this. It showed that a factoring
service had in fact been in operation for a number of years. In total, eight multi-storey blocks were factored by the council, amounting to over a thousand properties.

Similarly, another council stated that it "does not currently provide a factoring service". Instead, it had established a working group to develop policy and procedures on liaising with owners about common repairs. However, in its questionnaire reply, we were told that the council did provide a factoring service to some owners, and this service had been in place for some time. This service concerned less than 1000 properties.

Which one?
One council responded twice to our questionnaire, each one completed by a different member of staff. The answers to each were almost completely different, for example the first stated that 8 common repairs were carried out each month, but the second said that this was 100. The first stated that owners are invoiced three months after a repair, but in the second it was six months. The first questionnaire said the councils received only about 5 complaints per year from owners, while this rose to between one and two hundred in the second questionnaire. The first questionnaire said there were no provisions in the title deeds for the council to provide a factoring service, while the second one said that there were.

Missing information
Many local authorities left a number of blank spaces in their questionnaire, suggesting that either they did not know the answer, or that they did not want to tell us. For example, one council in particular replied to many questions in black ink. The ones not answered contained notes written in pencil, such as "ask legal" or "ask finance". However, these were never filled in. In addition, some answers which had been written in black were scored out and replaced with a 'NIK' in blue ink.

While we appreciate the resource constraints within which local authority staff work, and that they cannot respond to every questionnaire they receive, we were not asking for obscure information that could not be regarded as basic management information needed to run an efficient service.

We also appreciate that the information we asked for may have been kept by a number of different departments, making it time consuming for the people filling in our questionnaire to gather it. However, in deciding departmental structures, local authorities should make sure information is readily accessible to the people who need it. The SCC has long argued that council structures do not necessarily reflect the needs of the people who use their services. One implication of this is that people have to contact several departments in order to get the information they need. Local authorities need to remember that they are large bureaucracies, whose workings are unfamiliar to many service users. More careful thought needs to be given to making information retrieval easier for all front-line local authority staff.
We believe there could be important benefits in a body such as CoSLA looking more closely at local authorities' experiences of taking part in research. It may be that certain procedures could be recommended, which would make responding easier for local authorities and which would improve the reliability of the information. We also see merit in looking at how good quality management information can be made more accessible across council departments. Such moves would lead to the improved accountability of local authorities, and to improved information and advice for service users who need it.

The next chapter presents our conclusions and recommendations based on this research.
Chapter 4  Conclusions and Recommendations

Conclusions
An increasing number of households are in the position of sharing common repair responsibilities with local authorities, largely due to the Right to Buy. Managing common repairs in this context involves a different set of issues compared with common repairs in the private sector. This is partly because of the relationship between owner occupiers and the council (which may not be a positive one), and the council’s responsibility for maintaining its tenanted property.

We collected information from 27 out of the 32 local authorities in Scotland, about how they manage repairs to common property involving Right to Buy owners. We found little evidence of widespread good practice, and see much scope for improvement. In particular, we found it worrying that many local authorities were unable to provide us with basic information such as the number of properties and repairs they were responsible for, or the number of complaints they handled. Some examples of good practice, however, are available. For example, information leaflets produced by Inverclyde and West Dunbartonshire councils gave owners information about common repair responsibilities, and Dundee City Council carried out satisfaction surveys among owner occupiers receiving a repairs service from the council.

Given the difficulties, and the growing number of households involved, we hope this report will encourage local authorities, owner occupiers and others to look more closely at this aspect of housing management in Scotland.

We had some concerns, as a result of carrying out our study, about the more general issue of collecting accurate information from local authorities. We encountered examples of contradicting information, and many instances of missing information. Given the importance of reliable information in decision making, both for policy makers and for individual consumers, we decided to highlight this difficulty. We hope to stimulate discussion among researchers and others about how to improve the accessibility of good quality management information across local authority structures.

Recommendations

To the Law Society of Scotland

1. Solicitors should always make sure purchasers are aware of the conditions contained in their title deeds about the management of common repairs.

Title deeds are an agreement, accepted by the owner, about various conditions to be respected. Some of these conditions will relate to the arrangements for common repairs, for example, whether the council will act as factor, or whether a majority of owners have to agree to repair
work. Purchasers, therefore, need to be able to see a copy of their title deeds, and to have a clear description of what they mean. We are aware that many purchasers do not have this information. Purchasers and their solicitors who are concerned that some conditions are unfair, should be advised to contact the Office of Fair Trading (OFT). The address of the OFT is included at the end of this report.

2. **Solicitors should make purchasers aware of their responsibility to maintain the common parts of their property.**

The responsibility to maintain common property is the owner's, even if the council is the factor. Many owners are unaware of their responsibilities. Better information for owners will help to promote a better approach to managing the property well.

3. **Solicitors should make sure purchasers are aware of the risks of not being insured, or of being under-insured.**

Owners are responsible for paying their share of common repairs. And taking out buildings insurance is normally a condition of obtaining a mortgage. However, owners should make sure that the policy they take out is adequate to cover the full cost of re-building their home. If owners are obliged to take out one particular policy, and are not happy with this, they should be advised to contact the Office of Fair Trading, whose address is at the end of this report.

**To national bodies**

4. **Scottish Homes and CoSLA should look at the problems and establish best practice in managing common repairs to properties in mixed ownership.**

As the national housing agency, Scottish Homes should address the need for a consistent approach to this type of property management across Scotland. Local authorities could play an important role in maintaining such property in good repair. This might be by directly providing a factoring service, or by arranging for the services of an independent factor. We found little evidence that this aspect of property management was receiving much attention in Scotland. We would encourage local authorities to consider the approaches they might take, and to consult owners about these. Scottish Homes and CoSLA should see themselves as playing an important role in making this happen across all local authorities.

5. **CoSLA and the Chartered Institute of Housing in Scotland should prepare guidelines for local authorities on consulting owners about common repairs.**

Many problems between owners and local authorities or factors arise out of a lack of communication between them. Particularly in cases
where poor relationships already exist between owners and the council, proper consultation is essential if trust is to be established. This, in turn, is important for the maintenance of the property: owners need to know that this is their responsibility, and are more likely to discuss issues sensibly with the council if they trust it. Consultation is more than simply informing owners about repairs. It is involving owners in making decisions about large repair work, and listening to their views. While it would be unreasonable to suggest extensive consultation over every repair, we would urge local authorities to view proper consultation about larger work as an investment that will save problems later on, such as non payment of accounts. We found little effort to genuinely consult owners on the part of local authorities in our study. CoSLA and the Chartered Institute of Housing in Scotland should prepare guidelines, based on best practice.

6. Close attention should be paid to the accessibility of good quality management information from local authorities.

Good quality research information is an important basis for good decision making about local authority structures, responsibilities and resources. The need for access to information from local authorities will increase, particularly after the establishment of the Scottish parliament. Members of the public also need to be assured that when they seek information from local authorities, the information they receive is accurate. We were concerned about the lack of basic information from some of the local authorities in this study. While we fully appreciate that local authority staff cannot be expected to respond to every questionnaire they receive, and that some information can be held by a number of different departments, we believe that attention needs to be given to making information retrieval easier for local authority staff. CoSLA, along with research organisations, should discuss with local authorities possible solutions to making information more accessible, and making it easier for local authorities to provide information.

To local authorities

7. Local authorities should have a mechanism for identifying the number of common properties they share with owner occupiers.

Local authorities should regard this as essential management information, yet many in our study said they did not know the numbers involved. We had to question how some local authorities could be said to be achieving value for money, when they lacked information about the number of properties in this category, or even the number of repairs they were carrying out.

8. Local authorities should have clear policies for billing owners for their share of common repairs.

Owners need to know, in advance, where they stand with regard to paying their share of common repairs. This calls for a clear policy on the part of the council, effectively communicated to owners. This should include
an acceptable time period between having the work done and receiving the bill. For example, a six-month time lag should be regarded as unacceptably long.

9. **Local authorities should have clear complaints procedures for owners who need to use them.**

Owners who share common property with council tenants will have an ongoing relationship with their local authority. However, many owners may have little contact with the council other than those occasions when things go wrong. Local authorities, therefore, should make sure that they have proper complaints procedures in place, and that they inform owners about these. Part of a good complaints procedure will be the monitoring of complaints information, so that the service can be improved. Wider research shows that most people do not make a complaint when things go wrong. Therefore, using information from those complaints that are made known, will help service providers understand where they can make improvements to the service. This applies equally to the management of common property. However, we found little evidence of complaints monitoring in our study.

10. **Local authorities should make sure Right to Buy purchasers have clear information about the responsibilities of home ownership.**

It is the owner's responsibility to maintain their property, including any common parts. Some owners who have bought their home under the Right to Buy, may have the impression that the council remains responsible for such maintenance. It is also the owner's responsibility to make sure they can pay their share of common repairs, such as by having adequate insurance cover for insurable repairs. Providing clear information before they purchase will allow people to make decisions more appropriate to their circumstances. Local authorities are well placed to provide this information, particularly as it is in their interests that owners play their part in maintaining common property. Our study revealed that few local authorities attempt to provide such information.

11. **Local authorities should consider how property in mixed ownership can be factored.**

We see a positive role for local authorities in either providing factoring services, or arranging for the services of an independent factor. Some local authorities do provide factoring services, although we did not find examples of them arranging the services of an independent factor. This issue may be worth exploring further. We do not underestimate the legal complexities involved, but would urge local authorities to consider this potential role, and to discuss it with owners.
12. Local authorities which provide factoring services, should give owners clear information about what to expect from the service.

Good communication between owners and factors is a key element in property maintenance. As we have discovered, this can be even more problematic for Right to Buy owners, who may have had poor relations with the local authority. If the council provides a factoring service, they are answerable to owners, who pay for this service. Owners, therefore, need to know what to expect from the service. While housing associations and private property managers have published management standards to which they are expected to adhere, local authorities do not. We found very few examples of such information for owners.

13. Local authorities should allow owners to choose their own buildings insurance policy.

There can be advantages in arranging a common buildings insurance policy, to which owners pay their share. However, being able to pay for repairs is the owner’s responsibility, and they need to be able to choose the policy that suits their needs (this may not be in terms of cost alone). A small number of councils in our study required owners to take out a specified policy, and did not allow them to choose their own insurance. We find this worrying, and the practice could lead to a number of difficulties. For example, the council’s role as an agent (of the owner or the insurer) is not clear, and problems of the validity of the insurance contract may follow.

14. Local authorities should find out the views of their customers who receive repairs, factoring or insurance services.

Local authorities need to know the views and experiences of their customers, if they are to provide a good and improving service. Out of the 27 councils in our study, Dundee was the only one to carry out customer surveys among owners. However, a large number of local authorities indicated their interest in discussing further the idea of customer research in co-operation with the SCC.
### BILLING ARRANGEMENTS

This section is about how owners pay for common repairs to property shared with your council.

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>4.</td>
<td>When are owners invoiced for repairs to these common parts?</td>
<td></td>
</tr>
<tr>
<td></td>
<td>□ as soon as work is completed</td>
<td></td>
</tr>
<tr>
<td></td>
<td>□ within three months</td>
<td></td>
</tr>
<tr>
<td></td>
<td>□ within six months</td>
<td></td>
</tr>
<tr>
<td></td>
<td>□ annually</td>
<td></td>
</tr>
<tr>
<td></td>
<td>□ a different arrangement (please specify)</td>
<td></td>
</tr>
</tbody>
</table>

5. How are owners made aware of these arrangements?

- □ information is included in the Title Deeds
- □ owners are told about billing arrangements when work begins
- □ all owners receive information about the council’s arrangements
- □ by other means (please specify)

Please send us a copy of any information available to owners.

6. Does your council include job sheets along with the invoice to owners?

- □ yes
- □ no

If no, how do owners receive details of the work which has been carried out?

---

SCOTTISH CONSUMER COUNCIL

This questionnaire is concerned with former council property (sold under the Right to Buy) where common parts exist between owner occupiers and council tenants.

Please state the number of properties where owners share common repair responsibilities with your council.

<p>| |</p>
<table>
<thead>
<tr>
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</tr>
</thead>
</table>

The following questions relate to the properties outlined above.

### SECTION A. REPAIRS

This section focuses on common repairs which your council carries out on these properties.

1. On average, how many common repairs to these properties are carried out each month?

2. Does your council provide a post-repair inspection service for common repairs to these properties?

- □ yes – in all cases
- □ yes – in some cases (please specify) __________________________
- □ no

3. Who carries out the repair work for these common properties?

- □ the council’s direct labour organisation
- □ a private company contracted by the council
- □ a different arrangement (please specify) __________________________
7. On average, what percentage of owners refuse to pay their bills for common repairs?

__________________%

8. What is the council’s final action to recover unpaid bills from owners?

☐ the owner is taken to court
☐ a staggered payment system is arranged
☐ the amount is written off
☐ a different arrangement (please specify)

__________________

SECTION C. CONSULTATION

This section focuses on how councils consult with owners about repairs to common property they share with tenants.

9. Does your council consult individual owners about larger common repairs?

☐ yes (please continue the to next question)
☐ no (please go to question 12)

10. If your council has a policy of consulting owners about repairs over a certain amount, please state this amount.

£ ________ per household.
£ ________ per repair.

11. How does the council carry out this consultation?

☐ by convening a residents’ meeting
☐ face to face contact with individual owners
☐ by letter to individual owners
☐ in other ways (please specify)

__________________

12. Does your council have written guidelines for consulting owners about common repairs?

☐ yes
☐ no

If yes, we would be grateful if you could send us a copy.

SECTION D. COMPLAINTS

We are aware of difficulties, both for individual owners and for local authorities, in managing common properties. This section deals with how your council handles complaints from owners.

13. Does your council monitor complaints from owners about common repairs?

☐ yes
☐ no

If yes, please give us details of how this is done.
14. What is the most common reason for owners to complain?

15. In general, how many complaints do you receive per year from owners?

16. Does your council have a written complaints procedure for owners?
   - [ ] yes
   - [ ] no
   If yes, we would be grateful if you could send us a copy.

SECTION E. INFORMATION FOR OWNERS
This section is about information provided to owners about their general responsibilities for common repairs.

17. Does your council provide written information to owners about their common repair responsibilities?
   - [ ] yes (please continue to the next question)
   - [ ] no (please go to question 20)

18. When is this information given to owners?
   - [ ] when they purchase the property
   - [ ] when a repair is to be carried out
   - [ ] when the owner enquires
   - [ ] other time (please specify)

19. Does the council review this information on a regular basis?
   - [ ] yes
   - [ ] no
   If yes, how often is this reviewed?

   We would be grateful if you could send us a copy of the information provided by your council.

SECTION F. FACTORING
This section focuses on factoring services which your council may, or may not, provide.

20. Do the Title Deeds allow for your council to provide a factoring service to owners of former council property?
   - [ ] yes, always
   - [ ] yes, in some cases
   - [ ] no
   If only in some cases, please specify.
21. Does your council provide a factoring service for owners who share common property with your tenants?
- yes (please continue to the next question)
- no (please go to question 29)

If yes, how many years has this factoring service been in operation?

22. How many properties does your council factor?

23. What is the annual charge to owners for your factoring service?
- tenements £ ______
- 4 in a block £ ______
- terraced £ ______
- flats £ ______
- semi-detached £ ______
- other £ ______

24. How often are owners invoiced for this factoring service?
- every month
- every three months
- every six months
- annually
- other (please specify)

25. On average, what percentage of these invoices are challenged by owners?

26. When are owners made aware of the council's factoring service?
- In the Title Deeds
- when the first invoice arrives
- by written information sent to all owners (if so, please send a copy)
- by other means (please specify)

27. Does your council have written guidelines or written management standards for the factoring service?
- yes (continue to question 28)
- no (go to question 29)

If yes, we would be grateful if you could send us a copy.

28. How often are the written guidelines reviewed?

29. Does your council arrange buildings insurance for owner occupants?
- yes (please continue to the next question)
- no (please go to question 36)
30. Can owners choose their own insurance arrangements instead, if they want?
   - yes
   - no

31. Please explain how your council selects the insurance company that will underwrite the buildings insurance – giving details about the tendering process, such as the specifications determined by the council, and the length of each contract before re-tendering.

32. Does your council give written information to all owners about the insurance service provided?
   - yes
   - no

If yes, we would be grateful if you could send us a copy of the information.

33. Does your council receive commission from the insurance company?
   - yes
   - no

If yes, how much? £ _______ _________ %

34. On an annual average, how many building's insurance complaints does your council receive from owners?

35. Does your council have written guidelines for handling complaints from owners about the buildings insurance?
   - yes - specifically for owners about buildings insurance
   - yes - for complaints where the council has contracted a private company
   - yes - the council's general complaints procedure
   - no

We would be grateful if you could send us any written guidelines you have.

SECTION H. CUSTOMER SATISFACTION

This section is about owners of former council property, who receive a repairs, factoring or insurance service from the council.

36. Does your council carry out customer satisfaction studies among these owners?
   - yes
   - no

If yes, we would be grateful if you could send us details of your latest findings.

37. The Scottish Consumer Council is interested in carrying out a short survey amongst owners of former council property, to investigate their experiences of managing common property.

Would your council be willing to help us, by forwarding questionnaires to owners, on our behalf?
   - yes, willing to discuss
   - no
Appendix 2  Replies to the questionnaire

<table>
<thead>
<tr>
<th>Councils who responded</th>
<th>Councils who did not respond</th>
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<tbody>
<tr>
<td>Aberdeen City</td>
<td>East Ayrshire</td>
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<tr>
<td>Aberdeenshire</td>
<td>East Renfrewshire</td>
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<tr>
<td>Angus</td>
<td>Midlothian*</td>
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<tr>
<td>Argyll &amp; Bute</td>
<td>Stirling</td>
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<tr>
<td>Clackmannanshire</td>
<td>West Lothian</td>
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<td>Dumfries &amp; Galloway</td>
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<td>Dundee City</td>
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<td>Western Isles</td>
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</table>

* Midlothian Council did, in fact, return a questionnaire to us. However, the report had already been prepared, and we were unable to use the information.
Appendix 3 Examples of information for owners

PROPERTY MANAGERS
ASSOCIATION SCOTLAND LIMITED

CODE OF PRACTICE

All Members of the Property Managers Association Scotland Limited ("the Association") undertake to comply with the following Code of Practice which has been drawn up by the Association to promote and foster the efficient management of all classes of heritable property and the highest standards of practice of Property Managers.

1. Members of the Association have a general duty of fair dealing towards clients, past and present, fellow Members of the Association and the general public.

2. Members of the Association will where possible have regard to any Deed of Conditions or title conditions relating to the property managed.

3. In carrying out their duties Members of the Association will use all reasonable endeavours to ensure that legal and statutory requirements are observed and acted upon.

4. Unless Contractors are nominated by clients Members will use all reasonable endeavours to order repairs and other works from Contractors which either to the best of the Member's knowledge and belief or in his experience are reliable and capable of completing the works satisfactorily and at a reasonable cost.

5. Members shall use all reasonable endeavours to respond promptly to complaints from clients of unsatisfactory work.

6. Members shall use all reasonable endeavours to ensure that payments are made by or on behalf of clients within the time limits specified for payment of such sums and in particular will use all reasonable endeavours to ensure that payment of ground burdens does not fall into arrears.

7. Members shall advise clients of any material change in the terms and conditions of business applicable to the Member's appointment in advance of the date of implementation of such change.

8. Members shall inform clients in writing of any shareholding or financial interest held by that member firm in any company, firm or person whose services it engages for the provision of repairs or other works to the property managed on each occasion the member engages such company, firm or person.

9. Members shall use all reasonable endeavours to employ the highest standards of management in carrying out their duties and shall seek to promote the highest standards of management throughout the profession of Property Managers by encouraging continuing professional and vocational education opportunities among their staff.

10. Members shall uphold this Code of Practice and cooperate with fellow Members and the Council of the Association to enforce decisions on any matter arising from its application. Members shall procure that their principals, partners, directors, associates and employees act in a manner consistent with this code.

11. Members shall not engage in any practice nor be seen to conduct him or herself in any manner which is considered in the reasonable opinion of the Council of the Association to be detrimental to the reputation of the Association or the reputation and interests of the Property Manager's profession.

12. Members are expected to arrange an adequate level of professional indemnity insurance, the cost of which will be borne by the Member.

13. Members will have a complaints procedure in respect of which complaints from clients about the Member will be dealt with in accordance with that procedure and if an adequate remedy is not available to the client recourse can be taken by the client to the Property Managers Association Scotland Limited.

© PROPERTY MANAGERS ASSOCIATION SCOTLAND
LIMITED
Reg Office: 2 Blythswood Square, Glasgow, G2 4AD
Reg No: 10074 Scotland
Telephone: 0141-248-4072 · Fax: 0141-221-9270
INVERCLYDE HOUSING
FACTORY
INFORMATION LEAFLET

INTRODUCTION

You have just purchased your District Council House. Obviously, you are happy with your house and wish it to be maintained to a good standard to avoid long term deterioration and be an investment for you and your family. The District Council has rights to act as a factor for the common good of all residents in the block. I hope you find the information contained in this leaflet useful; it is based upon questions most frequently asked about factoring.

P. Marsden
Director of Housing

Q. What is a Factor?
A. A Factor is simply an agent who acts for all the residents in a property to carry out certain duties, principally concerned with repair and who is paid a fee for this service.

Q. What kind of duties does a factor carry out?
A. The Department's representative will inspect the property from time to time and arrange any necessary common repairs. The work will be monitored and paid for by the Department of Housing. Preplanned maintenance such as painting of common parts will be undertaken.

Q. What about repairs to my own house?
A. The Department will only order common repairs. Individual repairs to your house such as heating system, windows etc, should be ordered by yourself.

Q. What kind of repairs are covered?
A. Examples of common repairs are:
- roof and gutters
- common chimney heads
- roughcast
- works to the common close in the tenement,
  e.g. close windows or steps
- common paths and fences
- gates and green poles
- cold water risings mains
- cold water storage tank
(if the storage tank serves more than one flat.)

Q. Why should the District Council act as a Factor?
A. The Housing Department staff and contractors have an unrivalled knowledge of dealing with the repair and maintenance of houses such as yours.

The Department has a network of convenient offices and personal contact can always be made
What is a factoring service?

We introduced the sold property management service to put the duties that we have to manage ex-council properties on a proper and formal basis. The factoring fee goes towards covering the costs of providing the housing services, outlined in this booklet, for people who have purchased ex-council houses.

When you buy a flat or a four-in-a-block you also buy a right in the common structure for the whole building, for example the roof, walls and the ground. Each owner has a responsibility in the upkeep of these areas. To make flat living successful it needs the co-operation of all the owners. A set of rules covering the management, maintenance and repair of the common areas is in your feu disposition (title deeds). This makes provision for our factoring service, and outlines your liability for common repairs.

Who pays for the factoring service?

We have the right to act as property manager and charge a factoring fee if we own one of the flats in the block. However if you bought your home before September 1987 we will charge you a factoring fee as long as we retain 50% ownership of the block.

We are not required to factor:

- A semi-detached or terraced type house.
- A property in which we do not own any of the flats.

In the second case you can retain us as factors or opt out. If you want to opt out of our factoring service we need a letter signed by all the owners stating this. We will not cancel the factoring charges until we receive the letter.

What does the factoring service cover?

We provide the following for the factoring fee:

- Carry out inspections on your property.
- Decide what repairs are necessary.
- Advise you in writing of the proposed repairs.
- Request an estimate for the common repair.
- Advise you in writing of your share of the estimated costs, and whether a grant may be available. Provide a job description and a breakdown of costs. The only exceptions are urgent or emergency repairs. We will advise you of your share of costs after completing the repair.
- Liaise with contractors and other owners involved in the repair.
- Carry out post inspections of all common repairs before issuing an invoice. The only exceptions are urgent or emergency repairs.
- Investigate and try to resolve any complaints of unsatisfactory repair works.
- Pay for the common works, divide the cost accurately and invoice you promptly.
- Carry out the administration and processing of insurance claim forms.
- Answer any enquiry you may have about the service we provide.
- Answer your correspondence in a quick and efficient manner.

There are no additional charges for visits or correspondence.
This form should be completed and returned (FREEPOST) to the address shown overleaf.

COMPLAINT or SUGGESTION

If you have already spoken to someone regarding this complaint please give details.

YOUR NAME
AND/OR NAME OF PERSON WHO HELPED YOU COMPLETE THIS FORM

ADDRESS

POST CODE

FOR OFFICIAL USE ONLY
DATE RECEIVED
REP. NUMBER
ACTION TAKEN

If you have difficulty understanding English please contact Dundee City Council, Translation and Interpreting Service, at 01382 433400 or 434556.

PLEASE MOUNT, FOLD AND SEAL

Dundee City Council
USEFUL ADDRESSES

Association of British Insurers
51 Gresham Street
London EC2V 7HQ

Chartered Institute of Housing in Scotland
6 Palmerston Place
Edinburgh EH12 5AA

Convention of Scottish Local Authorities (CoSLA)
Rosebery House
9 Haymarket Terrace
EH12 5XZ

Council of Mortgage Lenders
3 Savile Row
London W1

Law Society of Scotland
26 Drumsheugh Gardens
Edinburgh EH3 7YR

Property Managers Association Scotland Ltd
2 Blythswood Square
Glasgow G2 4AD

Office of Fair Trading
Field House
15 - 25 Breams Buildings
London EC4A 1PR

Scottish Homes
Thistle House
91 Haymarket Terrace
Edinburgh EH12 5HE

The Scottish Office Development Department
Housing 1
Victoria Quay
Edinburgh EH6 6QQ
REFERENCES


3 The Scottish Office Development Department. Figures relate to the period between 1979 and 1997, and includes Right to Buy and related schemes for local authority tenants.


5 Chartered Institute of Housing *Good Practice Briefing Issue 9, November 1997*.