

Finance and Resources Committee

10.00am, Thursday, 23 January 2020

Mixed Tenure Improvement Service Pilot

Executive/routine Wards Council Commitments	Executive All
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1. Recommendations

- 1.1 Finance and Resources Committee are asked to:
 - 1.1.1 note proposals to pilot a Mixed Tenure Improvement Service (MTIS) to help support common repairs and maintenance in blocks where there is a mix of Council and privately-owned homes;
 - 1.1.2 note that the MTIS is self-financing based on the current financial modelling assumptions across the Housing Revenue Account (HRA), General Fund and owners' share of essential repair costs; and
 - 1.1.3 agrees to extended debt repayment terms to the Council's Scheme of Assistance (SoA) to increase the support available for home-owners in HRA-led projects.

Paul Lawrence

Executive Director of Place

Contact: Elaine Scott, Housing Services Manager

E-mail: elaine.scott@edinburgh.gov.uk | Tel: 0131 529 2277

Mixed Tenure Improvement Service Pilot

2. Executive Summary

- 2.1 This report sets out proposals to pilot a MTIS to support essential repair and maintenance work in mixed tenure blocks as part of the HRA Capital Programme. It outlines plans to increase support available for home-owners in HRA-led projects by including an option of extended debt repayment terms for owners as a 'last resort' to help them meet their responsibilities for the cost of work. It also sets out the financial implications of the MTIS on the HRA and General Fund.

3. Background

- 3.1 The creation of mixed tenure neighbourhoods in the 1980s and 1990s, arising from right-to-buy legislation, has led to increased complexity in taking forward repairs, maintenance and improvements to common areas of blocks or tenements. A tenement is a building where two or more properties are in separate ownership and divided horizontally. Common areas include roofs, external walls, common stairs, refuse disposal, drying areas, stair doors and door entry systems that are shared by two or more flats in a block.
- 3.2 Almost half of the Council's 20,000 homes are in mixed tenure blocks in which the Council is not the majority owner. There is a mix of ownership with owner occupiers, landlords and Council-owned flats. Many of these blocks need significant investment to common elements. A majority agreement with other owners in each block is required before decisions can be made on the scope of common repair work to be taken forward. Flat owners are responsible for paying their share of any repair works undertaken in accordance with their Title Deeds.
- 3.3 HRA investment over the past five years has been targeted at internal and external improvements to blocks in full ownership of the Council. Over the next five years, investment is needed to the external fabric and communal areas of blocks where the Council is a majority owner. Investment will take place alongside an acquisition and disposal strategy which is enabling the Council to consolidate ownership or dispose of properties in blocks where the Council is unlikely to secure majority ownership.

- 3.4 On 21 February 2019, Council approved an £874 million draft five-year capital investment programme and one-year budget. This included £197 million to be invested in existing homes and estates over the next five years. The aim is to bring all existing homes and estates up to a similar standard as the new build homes and estates. The Business Plan currently assumes that an investment of around £20,000 per home will be needed over 15 years to deliver this aim.
- 3.5 On [7 June 2018](#), Housing and Economy Committee approved a Mixed Tenure Improvement Strategy, setting out the next steps to tackle mixed tenure repairs. The report also noted a proposal to establish a MTIS to engage residents, liaise with owners and manage the mixed tenure work. Updates on the approach to Mixed Tenure Improvement Strategy were also considered by Committee on [24 January 2019](#) and [6 June 2019](#).
- 3.6 On the [14 May 2019](#), Corporate Policy and Strategy Committee approved the Council's Sustainability Approach, which included Edinburgh working towards a net zero carbon target by 2030, with a hard target of 2037.

4. Main report

- 4.1 The scale of mixed tenure repairs required across the city is substantial. Delivery of much of the required investment to maintain and improve Council housing stock is dependent on getting the agreement of other owners within mixed tenure blocks. The ability to deliver on the Council's Net Zero Carbon target by 2030 is also heavily dependent on working with owners to achieve a fabric first approach that minimises the requirement for energy use. The legislative framework and processes to progress works must be followed to recover owners' share of costs. This will impact significantly on the timescales for delivery compared to a fully Council-owned block.
- 4.2 The Tenements (Scotland) Act 2004 sets out a decision-making process for owners to agree repairs to a tenement's common areas. This is called the Tenement Management Scheme (TMS). The Council is seeking to use this legislation as part of the MTIS pilot to deliver essential repairs to mixed tenure blocks through the Capital Programme.
- 4.3 A proposal to establish a MTIS was agreed by Housing and Economy Committee in June 2018 as part of the wider mixed tenure investment strategy to improve tenant satisfaction with the condition of their homes and support owners carry out essential repairs to their block.
- 4.4 The MTIS and the proposed approach to engaging with owners and progress repairs is based on the Edinburgh Shared Repairs Service (ESRS) model. ESRS has been successful in supporting owners and encouraging tenement owners to arrange common repairs privately without the use of enforcement powers in 70% of all cases.

- 4.5 ESRS is contacted an average of 1,200 times every month from owners looking for advice or reporting emergency building defects. Enforcement of common repairs by the Council using statutory powers as a last resort has occurred in less than 15% of all cases. The owner engagement process has proved successful in encouraging owners to carry out necessary repairs which is also reflected in the low level of bad debt in the service.
- 4.6 The MTIS would be established as a 36-month pilot to deliver mixed tenure investment as part of the Capital Programme, supported by effective use of the TMS and integrated with the ESRS team, but distinct from ESRS statutory responsibilities. In addition, there would be a 12-month winding down period with a staffing requirement should a decision be taken to discontinue the MTIS following an evaluation of the pilot.
- 4.7 Governance for the MTIS will be provided by a Mixed Tenure Board and the existing ESRS Review Panel. Progress with delivery on the MTIS will also be reported to Housing, Homelessness and Fair Work Committee.

Enhanced Scheme of Assistance

- 4.8 The Council is also seeking to extend the debt repayment terms that can potentially be offered to owners in mixed tenure blocks included within the HRA Capital Programme Pilot. When a scheme decision has been made, and the Council is progressing repairs, the Council will recharge owners for their share of any completed work in accordance with their Title Deeds or the TMS legal framework. It is recognised that the cost of some essential works required to mixed tenure blocks may be substantial. Should owners have difficulty securing finance from the market, extending debt repayment terms for share of costs arising from Council-led mixed tenure work may help owners meet their responsibilities and pay their share of costs over a longer period than the current standard of four years. This would be an additional measure included with the Council's SoA covering HRA-led mixed tenure projects, setting out how the Council supports private home-owners maintain their homes. The proposed extended debt repayment terms are set out at Appendix 1.
- 4.9 Repairs can include replacement with more up to date products or materials but would not include any improvements which would require unanimous agreement under the TMS framework before work can progress. Some 'new' elements can be included within the scope of repairs, such as installation of door entry systems, insulation and replacement of single glazing with double glazing. Any significant change, improvements or building alterations to a block would require unanimous agreement. The Capital Programme is seeking to deliver a mix of repairs and improvements to mixed tenure blocks across the city and offering extended repayment terms could support this.
- 4.10 Extending the debt repayment period for significant repairs gives owners the opportunity to repay costs beyond the current four-year period. With potentially significant repair bills, the Council would be more likely to recoup costs sooner if

existing debt repayment terms were extended instead of resorting to an inhibition order immediately following an initial four-year debt repayment period. An inhibition order prevents the owner from remortgaging or selling their home without repaying the full costs of work. Whilst an inhibition order would ultimately lead to the full repayment of the debt, it would be at a later, undefined time.

- 4.11 These extended repayment terms would only apply to owners who live in their homes in mixed tenure blocks within the Capital Programme as part of the MTIS pilot and would not apply to landlords. Experience from the ESRS is that once a scheme decision is reached landlords pay their share of common repairs. Extending the debt repayment period for the purposes of a three-year pilot will allow the Council to manage exposure to financial risk in a controlled environment and make more accurate assumptions of scale and level of risk for the future programme.
- 4.12 The policy is aimed at getting the balance right for both the Council and debtors whilst not encouraging owners to agree payment plans with the Council by default, as the market is more likely to offer more financially attractive alternatives. However, longer repayment terms may be a preferable option for people who are unable to access high street finance but may end up facing an inhibition order if they cannot afford to repay costs within the Council's existing four-year debt repayment terms. As part of its ongoing work, the MTIS will also signpost to organisations that offer independent financial advice. All owners have a responsibility to maintain and repair the common areas of their homes and to meet their share of costs of any works that are carried out.
- 4.13 These extended repayment terms would form part of a hierarchy of assistance within the Council's SoA; the support available to owners to help maintain the condition of private homes. The SoA also introduces the option for the Council to buy an owner's home and offer a sitting Council Scottish Secure tenancy, but only in line with the agreed strategy for consolidation or divestment of interest in mixed tenure blocks as set in the Acquisitions and Disposal Policy and as a 'last resort' option.

New Mixed Tenure Service

- 4.14 The MTIS is a completely new service to support owners carry out repairs to mixed tenure blocks. As such, several assumptions have been made forecasting the anticipated demand and potential impact on both the HRA and General Fund.
- 4.15 A high-level assumptions table is set out at Appendix 2 and financial proposals for the MTIS are set out at Appendix 3. The cost of running the MTIS and all work undertaken for owners is classified as revenue expenditure to the General Fund. Based on current financial modelling assumptions, the MTIS is self-funding.
- 4.16 Based on the approach adopted by ESRS, it is anticipated that the MTIS would require case officers, surveying and managerial resources in the first year of service. Additional finance staffing resources will be required in Year 2 onwards as the programme builds momentum and more owners participate in common repairs.

The MTIS will be embedded within ESRS to benefit from ongoing expertise and ensure robust decision-making processes with owners are followed.

- 4.17 Over a four-year period, the total staffing cost requirement is estimated to be £2.7 million. This expenditure will be recovered through project management fees under the TMS framework. Fees will be payable by both owners and the HRA for the Council's share. The MTIS pilot is predicted to carry out repairs and maintenance to 180 mixed tenure blocks over a three-year period.
- 4.18 Stock condition information for an existing mixed tenure area has been used to baseline costs and model the financial impact of the MTIS pilot. If the TMS is used to make scheme decisions for essential common repairs in a block, a majority of owners need to agree to progress the work. The TMS would be used to progress essential repairs which have been estimated at approximately £19,000 per flat (excluding project management fee and VAT). Any proposed improvements in a mixed tenure block would require 100% sign-up which is estimated at £30,000 per flat. (excluding project management fee and VAT).
- 4.19 The financial proposals also include an assumption for acquisitions at 5%, where owners have exhausted all potential options to fund repairs to their homes and the Council buys their home, either on the open market or to offer a sitting-tenancy. This will enable repairs to be carried out to the common elements of a building and would only be used as a last resort, and if requested by the owner.
- 4.20 The MTIS pilot will be subject to gateway checks and due diligence as used for ESRS. These assumptions will be regularly reviewed to measure anticipated figures against actual results as the HRA-led Capital Programme progresses. This will ensure whether the pilot forecasts remain within set tolerances or if corrective action is required to mitigate identified risks accordingly.
- 4.21 An initial enquiry with other Local Authorities suggests a mix of approaches when working with owners in mixed tenure blocks. The offers range from not using the TMS at all to take work forward in mixed tenure blocks, to working with owners and charging no interest if the amount is repaid within two years or using repayment charges recorded on the Title Deeds which are repaid within a certain period. A sample of other Local Authorities debt repayment terms have been summarised at Appendix 4.

Risks and Mitigation

- 4.22 As the MTIS is a new service, risks will need to be carefully monitored with relevant mitigating actions taken to ensure they are contained as far as possible. Some of these risks have been detailed at Appendix 5.
- 4.23 The potential risks include financial risks, such as owners' bad debt, delays between billing and recovery of costs, and managing these as well as reputational risks, if the Council is not seen to work effectively with owners. ESRS processes, including gateways and due diligence for projects will be put in place to mitigate any potential risk arising from works being extended beyond what was agreed with

owners and out with the TMS provisions. Financial controls and robust accounting processes will also be used to manage and monitor the sums due to the Council. The financial model for the MTIS pilot also includes a contingency provision to cover any unforeseen costs.

- 4.24 Owners are responsible for maintenance and repairs of common areas but by adapting the SoA, the Council is offering a hierarchy of assistance to help owners carry out essential repairs to their home. The proposal to extend the repayment period for significant sums for essential works would have a more positive impact on the cashflow for the Council than increasing the use of inhibition orders. The use of inhibitions secures the debt, but the Council may have to wait several years to get payment of the sums due.
- 4.25 Conversely there are also risks of not tackling essential repairs to common areas. Not investing in the condition of homes would lead to further deterioration of HRA assets, increasing the cost of repairs or, with the ultimate risk of demolition and resultant loss of housing supply.

5. Next Steps

- 5.1 Staffing resources required will be recruited to progress the MTIS pilot.
- 5.2 The decision to extend debt repayment terms to owners' share of mixed tenure repair costs involved in the HRA-led Capital Programme will be referred to Corporate Policy and Sustainability Committee for approval as part of the Council SoA.
- 5.3 An update of the Mixed Tenure Improvement Strategy is due to be reported to Housing, Homelessness and Fair Work Committee in March 2020.

6. Financial impact

- 6.1 A table of assumptions can be referred to in Appendix 2 and a full financial overview of the MTIS is set out at Appendix 3. The cost of the MTIS team and all work undertaken on private owners and HRA tenants' properties, will be charged to the General Fund. In summary:
 - 6.1.1 the overall cost of staffing resource for a MTIS team is estimated at £2.7 million and has been inflated to account for pay awards and spinal column point increases;
 - 6.1.2 the total forecast cost of MTIS property works from 2020/21 to 2022/23 is £26.4 million and includes construction cost inflation;
 - 6.1.3 total forecast income recovery over the three-year period is estimated at £31.6 million and includes £9.1 million from owners (£7.6 million for works and £1.5 million from fees) and £22.5 million from the HRA (£18.8 million for

works and £3.8 million from fees). Bad debt loss (10%) has been estimated at £0.9 million and calculated on owner related works only;

- 6.1.4 a 5% contingency on the cost of all works has also been included in the overall running costs of the MTIS;
 - 6.1.5 it is estimated that around 50% of owners, excluding private landlords, will end up in an extended debt repayment plan with the Council; and
 - 6.1.6 the MTIS is forecast to make total surplus of £0.3 million for the period of the pilot from 2020/21 to 2023/24 and forecast annual surpluses will be set aside in a reserve to help managed any unforeseen additional costs.
- 6.2 Income to be recovered from both the HRA and owners shares, including the 20% project management fee, will be accrued to offset the cost of the MTIS in the financial year that costs were initially incurred.
 - 6.3 As the MTIS service works are not statutory in nature, owners will be charged VAT at 20% on the total cost of their bill.
 - 6.4 The budget implications of piloting the MTIS on the HRA have been factored into the 2020/21 HRA Business Planning process and are budgeted for in the 2020/21 – 2025/26 five-year HRA Capital Investment Programme.
 - 6.5 Ongoing monitoring and evaluation of the pilot will assess value for money to make sure that that key objectives have been met, and that costs and benefits were appropriately aligned.
 - 6.6 Essential repairs work undertaken in the MTIS pilot are in line with the definitions set in the TMS legislation. The works also meet the definition of capital and will be charged to the HRA Capital Investment programme as applicable.

7. Stakeholder/Community Impact

- 7.1 There is a statutory requirement to consult tenants annually on the HRA budget strategy, capital investment plan, service improvements and associated rent levels.
- 7.2 Delivery of mixed tenure investment and repairs will depend upon regular tenant consultation and owner engagement to ensure robust scheme decisions have been made correctly following Tenement Management Scheme processes. This will ensure that debt recovery for the owners share of costs is effective.
- 7.3 A key component of the combined service will be to continue the approach of ESRS in promoting the use of owners' associations and employing the services of a property manager or factor where possible. This will leave a legacy to proactively manage property condition on a regular basis. The combined service will also continue to review the range of powers available including Works Notices and Maintenance Orders under the Housing (Scotland) Act 2006, not yet used by the Council, to enhance the 'toolkit' for Owner's and the Council to encourage private repairs.

8. Background reading/external references

- 8.1 [Mixed Tenure Improvement Strategy, Housing and Economy Committee, 7 June 2018](#)
- 8.2 [Mixed Tenure Improvement Strategy, Housing and Economy Committee, 24 January 2019](#)
- 8.3 [Mixed Tenure Improvement Strategy Update, Housing and Economy Committee, 6 June 2019](#)
- 8.4 [Housing Revenue Account Capital Programme 2019 – 20, Housing and Economy Committee, 21 March 2019](#)

9. Appendices

- 9.1 Appendix 1 – Proposed extended debt repayment terms
- 9.2 Appendix 2 – MTIS assumptions
- 9.3 Appendix 3 – Financial impact
- 9.4 Appendix 4 – Sample of other Local Authority debt repayment terms
- 9.5 Appendix 5 – Risk summary

Appendix 1 - Proposed extended debt repayment terms based on Section 11 of Corporate Debt Policy

The scale of essential mixed tenure repairs and investment required to common areas of mixed tenure blocks is substantial. The Council's Mixed Tenure Improvement Service (MTIS) will use the Tenement Management Scheme (TMS) to reach majority decisions so that repairs can be carried out to shared areas of mixed tenure blocks. The aim is to engage with owners to help them to meet their responsibilities to carry out and pay for repairs and investment in their homes. The potential option to spread the cost of debt over a more manageable period and will support this. This option will not be available to private landlords. To do this, the following terms will apply:

- (i) A three-month interest-free instalment plan will be offered to all property owners participating in the Housing Revenue Account (HRA) Capital Programme essential mixed tenure repair work;
- (ii) Payment plans in respect of HRA-led Capital Programme essential mixed tenure repair work will be based on the total combined MTIS debts outstanding for individual property owners as follows:
 - owners with total MTIS debts of up to £5,000 will be offered a payment plan of a maximum of four years;
 - owners with total MTIS debts between £5,000 and £10,000 will be offered a payment plan of no longer than seven years; and
 - owners with total MTIS debts of more than £10,000 will be offered a payment plan of a maximum of ten years.

In accordance with the Scheme of Delegation, the Head of Finance will review all relevant factors in determining the interest rate to be applied to HRA-led Capital Programme essential mixed tenure repair-related debt. In order to provide greater certainty, this rate will remain fixed for the full period of repayment.

In exceptional circumstances the Council may consider offering an HRA-led Capital Programme essential mixed tenure repair-related debtor the option of being made subject to a voluntary inhibition without the need for court proceedings to be instigated. At the time any offer is made, the Council will advise the debtor that legal advice should be sought in this regard.

Appendix 2 - MTIS modelling assumptions

Description	Assumption		Note
Average cost of works	£18,938		Stock condition information for an existing mixed tenure area has been used to baseline costs. The c.£19k excluding project management fees and VAT is to progress essential repairs, any proposed improvements in a mixed tenure block would require 100% sign-up.
Total number of blocks/ tenures split	Blocks	180	Based on the mix of an existing mixed tenure area. Of the Private homes 67% are estimated to be owner occupiers (249 homes) and 33% are private tenants (122 homes).
	Council Homes	916	
	Private Homes	371	
Timescales	69 weeks		Total time to complete and bill works. Assumes a 14 week lead in time, 52 weeks to complete works and 3 weeks to raise bills once works are completed.
Inflation	Operating costs	2%	This assumption is in line with current market inflation projections and the wider 30-year HRA Business Planning.
	Build costs	3.5% to 4.5%	
VAT	20.0%		As the MTIS service works are not statutory in nature, owners will be charged VAT at 20% on the total cost of their bill.
Bad debt	10%		Assumes c.10% of owner's contributions will not be collected. Current ESRS is running at c.3%.
Project Management Fee	20%		Starting assumption flat fee to cover the cost of financing the project until completion and the expense of project management from inception to completion. ESRS currently charges 26%.
Interest on extended repayment terms	Modelled at 6%		Extending the debt repayment period from 4 years to 10 years. It is estimated that around 50% of owner occupiers would use the extended debt repayment option. Actual interest rate will be set in line with the Scheme of Delegation. These extended repayment terms would only apply to owners and would not apply to landlords.
Team costs	£727,893		Based on the approach adopted by ESRS, it is anticipated that the MTIS would require case officers, surveying and managerial resources in the first year of service. Additional finance staffing resources will be required in Year 2 onwards as the programme builds momentum and more owners participate in common repairs.
Contingency	c.5%		A contingency has been set aside to cover any unforeseen costs. In addition to this, the modelling assumes a £0.3 million surplus is generated over the timeline of the pilot.

Appendix 3 – Financial impact

<u>Expenditure - General Fund</u>		Total	Forecast 2020/21	Forecast 2021/22	Forecast 2022/23	Forecast 2023/24
Gross cost of MTIS Team	£	2,725,345	727,893	786,336	802,063	409,052
Total cost of Owners works	£	7,585,804	1,936,562	3,079,134	2,570,108	0
Total cost of HRA works	£	18,768,161	4,763,521	7,652,689	6,351,951	0
5% contingency	£	1,317,698	335,004	536,591	446,103	0
Total cost of MTIS service	£	30,397,009	7,762,981	12,054,750	10,170,226	409,052

<u>Income - General Fund</u>						
Total cost of owners works	£	7,585,804	1,936,562	3,079,134	2,570,108	0
Owners Project mgmt fee at 20%	£	1,517,161	387,312	615,827	514,022	0
Total HRA cost of works	£	18,768,161	4,763,521	7,652,689	6,351,951	0
HRA Project mgmt fee at 20%	£	3,753,632	952,704	1,530,538	1,270,390	0
Total forecast income recovery	£	31,624,758	8,040,100	12,878,187	10,706,472	0

Less

Estimated bad debt loss	£	-910,296	-232,387	-369,496	-308,413	0
Revised income after bad debt loss	£	30,714,462	7,807,713	12,508,691	10,398,059	0

Net cost of MTIS (surplus)/deficit *	£	-317,453	-44,732	-453,941	-227,833	409,052
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MTIS Reserve

Reserve balance BEG	£		0	44,732	498,673	726,505
Reserve in year surplus	£		44,732	453,941	227,833	-409,052
MTIS service drawdown	£		0	0	0	0
MTIS reserve balance END	£		44,732	498,673	726,505	317,453

Appendix 4 – Sample of Local Authorities’ debt repayment terms

Local Authority	Grant Funding Available?	Debt repayment terms in mixed tenure blocks	Debt repayment terms	Interest applicable	Project Management Fee
Aberdeen City Council	No – only in exceptional circumstances	Repayable Enforcement Fund scheme used where not all owners agree -Debt repayment scheme.	3 to 5-year instalment term.	3.8%	14%
Dundee City Council	Yes – up to 50% of costs	Repayment Charge recoverable in up to 30 equal annual instalments on the same date each year.	30 equal annual repayments.	Variable	Yes – variable %
Glasgow City Council	Yes – up to 50% of costs over £5,000	Minimum £300 per individual share for maintenance of common areas.	5 to 30-year annual instalments.	The rate of interest applied is set annually by GCC’s Financial Services.	15%
South Ayrshire Council	No	Dedicated Scheme of Assistance budget	Not specified.	10%	£300 flat rate
The City of Edinburgh Council	No	Debt repayment plan available then use of Inhibition Order if repayment plan defaults. Missing Share available where owners unwilling to take part in common repairs.	Maximum 48 months (exceptions under Section 11 of Corporate Debt Policy – related debt. see Appendix 1.)	8% (currently 6% for exceptions under Section 11 of Corporate Debt Policy – related debt. see Appendix 1.)	20%

Appendix 5 – Risk summary

Ref	Risk Category	Risk Description	Mitigations and controls	Inherent Impact	Inherent Likelihood
1	Financial – bad debt	Essential repair work will be completed, and contractors paid before owners are billed. Some owners may not be able to pay immediately resulting in the possibility of high levels of bad debt.	<ul style="list-style-type: none"> Debt secured through use of inhibition orders Early information on payment options and potential payee risks Mixed Tenure Board and ESRS consider financial risk prior to decision to enforce and control number of projects on-site Operating in accordance with Tenements (Scotland) Act 2004 provisions to support debt recovery 	3	4
2	Financial – accountancy write-off	Resulting time-lag from the point essential repairs are complete and owners invoiced may mean bills issued in one financial year whilst debt is collected in another; a write-off in accounting terms.	<ul style="list-style-type: none"> KPI's will measure the period between project completion and billing owners. The work in progress (WIP) will be included in management information reports Income from both owners and HRA shares will be accrued to match expenditure in the relevant financial year 	3	4
3	Financial & Reputational – loss of homes	Not investing in the condition of homes would lead to deterioration of HRA assets, increasing cost of repairs with potential risk of demolition of tenants' homes.	<ul style="list-style-type: none"> A MTIS would provide resource and robust management of processes to proactively target homes requiring essential repairs Potential to increase investment in improvements - 100% agreement required 	3	3
4	Financial & Operational – remedial works	If works have not been completed satisfactorily, the Council may have to cover the cost of corrective action and be unable to recover from owners or the HRA.	<ul style="list-style-type: none"> Contract management controls Due diligence for projects and operation of checkpoint controls 	3	3
5	Legal – use of powers	If work is carried out beyond scope of owners' agreement and costs to owners are higher than expected Council would be using powers 'ultra vires' preventing recovery of funds.	<ul style="list-style-type: none"> Procedures and gateway checkpoints at all key stages and in accordance with statutory TMS decision requirements Governance of projects through Mixed Tenure Board and existing ESRS Review Panel 	3	2

Ref	Risk Category	Risk Description	Mitigations and controls	Inherent Impact	Inherent Likelihood
6	Reputational – owner funds	Where owners have a lack of funds there may be a perception that the Council is not providing sufficient advice and support to owners to pay for repairs.	<ul style="list-style-type: none"> • SoA provides a hierarchy of assistance for owners • Staff engagement with owners 	2	3
7	Reputational – landlord funds	Where landlords have a lack of funds there may be a perception that the Council is not providing sufficient advice and support through the SoA	<ul style="list-style-type: none"> • Staff engagement with landlords and landlord organisations • Provision of information on standard payment options as applied through ESRS • Impacts will be closely monitored and reviewed during the pilot period 	2	3
8	Legal – liability checks	Title Deeds may not be clear or consistent. This could create a risk of non-recovery where liability is interpreted by the Council and challenged by owners.	<ul style="list-style-type: none"> • Legal assessments completed at early stage of projects • Use of the TMS provisions if there are any title inconsistencies 	2	3
9	Reputational – culture	Owners may not be aware of their maintenance and repair responsibilities to shared areas of their tenement.	<ul style="list-style-type: none"> • Emphasis on working proactively with owners • Clear and consistent communication of owner responsibilities and of Council as a co-owner 	1	3

Risk scoring matrix:

Likelihood	Score	Impact
Remote- if it does then > 10 years	1	Limited- minimal and recoverable
Possible- If it does then within 5-10 years	2	Minor- short term and recoverable
Reasonable- if it does then within 3-5 years	3	Moderate- part failure to achieve objectives, recoverable at cost
Likely- within 1-3 years	4	Major- significant failure to achieve objectives
Almost certain- within 1 year	5	Extreme- unable to achieve objectives/plans