

# Factoring Policy

## Our Commitment

Argyll Community Housing Association is committed to provide equal opportunities across all services and to avoid discrimination. This policy is intended to assist ACHA to put this commitment into practice.

Compliance with this policy should also ensure that employees do not commit unlawful acts of discrimination.

**This policy can be made available in other formats, for example in large print, audio-format or Braille: the document may also be available in other languages, in full or summary form, as appropriate.**

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## Section 1 - Context

Argyll Community Housing Association Limited, (“ACHA”) is committed to offering a factoring service to property owners whose properties form part of a mixed tenure block or are located within the areas it manages in terms of common ground. ACHA is a Registered Property Factor, Registration No PF000302.

ACHA recognises the benefit of providing an effective factoring service to property owners, which will ensure that properties and common areas are adequately maintained to encourage good relations within communities.

ACHA’s operation of the factoring service reflects the Property Factors (Scotland) Act 2011 and the Code of Conduct referred to in Section 14 of the Act.

The factoring service covers common property and common areas only and ACHA does not carry out repairs to exclusive private property or ground. Exclusive property and ground remains the responsibility of the property owners who are required to make their own arrangements.

## Section 2 – The law and good practice

The main legislation and legal documentation which relates to this policy is:-

Title deeds

Property Factors (Scotland) Act 2011 and Code of Conduct

Tenements (Scotland) Act 2004

Title Conditions (Scotland) Act 2003

The law relating to private property is extremely complex as a number of Acts and title deeds need to be utilised to address issues with ownership and inconsistent title deeds. This section provides an overview of some key legal provisions and is not intended as legal guidance but a summary of legal aspects that affect the Policy.

### **Section 3 – Our policy objectives**

ACHA's objectives in providing an effective and efficient formal factoring service are:-

- To keep owners informed of progress of work including approximate timescales for completion.
- To aim to respond to emergency repairs and make safe within 24 hours.
- To aim to respond to and complete urgent repairs within 5 working days.
- To aim to respond to and complete routine repairs within 20 working days.
- To consult with owners and liaise regarding work required or being carried out to common parts.
- To develop and encourage property owners to participate in cyclical works and major work programmes.
- To ensure property owners are consulted on and informed about issues, policies, procedures and responsibilities.
- To regularly monitor and evaluate all aspects of the factoring service and review policies and procedures as required.
- To comply with the Property Factors (Scotland) Act 2011.
- To be transparent when appointing contractors and detailing costs to owners.

### **Section 4 – Implementing our policy objectives**

#### **4.1 Factoring and estate maintenance**

### 4.1.1 Formal Factoring

Formal factoring is where owners enter into a Factoring Agreement specific to their block which shall be created following on inspection of their title deeds or deed of conditions. Owners should be advised to seek independent legal advice before signing the Factoring Agreement.

ACHA will enter into a full and comprehensive factoring service with owners of tenemental properties where appointed by a majority vote in terms of the Tenements (Scotland) Act 2004 or in terms of title deeds. A formal Factoring Agreement will be entered into clearly setting out shares of maintenance and responsibility and the service that will be provided.

### 4.1.2. Informal factoring

Informally factored properties will be managed on the basis of ownership and maintenance responsibilities contained in the title deeds or deed of conditions.

ACHA provide an informal factoring service where:-

- ACHA owns properties within a tenement block shared with other property owners.
- ACHA has been identified as factor under the Property Factors (Scotland) Act 2011 where it is assumed to be factor in terms of historic actions.
- ACHA takes the lead in repairs and maintenance to common property which may affect its tenants.
- Health and safety issues have been identified which may affect ACHA's tenants or cause further deterioration, damage or destruction to the structure of the building.
- ACHA wishes to instigate improvements to properties to comply with the Scottish Housing Quality Standards.

### **4.1.3 Estate maintenance**

**Estate maintenance will be managed on the basis of ownership and maintenance responsibilities contained in the title deeds or deed of conditions.**

- ACHA may maintain common areas within estates as an owner or shared owners of these areas.
- ACHA will take the lead in maintenance of common areas of ground which are shared among two or more property owners where ACHA has been identified as a factor in terms of the Property Factors (Scotland) Act 2011.

## **4.2 Costs and charges**

### **4.2.1 Formal factoring**

Costs relating to the formal factoring service will be charged on a quarterly basis and will be issued in the middle of February, May, August and November. Invoices cover the quarterly periods of January to March, April to June, July to September and October to December. Costs and charges will consist of:-

- **A Deposit**

A refundable deposit of £100 is payable for each property and will be included in the first invoice for formally factored properties.

- **The Property Management fee**

- The annual property management fee is payable quarterly.
- The property management fee will be reviewed annually and any amendments will be applied at the start of the financial year. Property owners will be notified of any changes four weeks prior to commencement of the new charge.

- **Common Charges for work**

- Work carried out to common property will be payable by all property owners . The appropriate share of the cost of providing services and repairs to common areas of buildings, property or ground carried out where ACHA has been invoiced and the paperwork completed in the previous quarter will be recharge to formally factored owners through their quarterly invoices.
- Copies of all invoices relating to the provision of these services will be maintained and made available for inspection at local area offices within 14 days of the date of the invoice.
- Any disputes regarding work detailed on the invoice should be raised with the local area office within 14 days of the date of the invoice. All other non-disputed charges will remain due within the timelimit stated on the invoice.

- **Administration charge**

The administration charge due to ACHA for staff consulting owners and administering and overseeing repairs and is calculated as a percentage on the property owners share of the repair and due to ACHA.

- **VAT**

VAT will be due to be paid by the property owners if applicable.

- **Cyclical maintenance**

Any agreed cyclical maintenance work will be included in the quarterly invoice following on completion of work.

- **Outlays**

Any agreed outlays incurred by ACHA on behalf of the property owners.

- **Payments**

Payments options will be made available to owners on their quarterly invoices. Alternatively property owners can opt to spread the costs and pay monthly by direct debit or standing order.

- Any disputed costs regarding work detailed on the invoice should be raised with the Customer Service Centre. All other non-disputed charges will remain due within the time-limit stated on the invoice.

### **4.2.2 Informal Factoring**

Costs relating to informal factoring will be issued to property owners on an ad hoc basis following on completion of repairs and will consist of:-



- **Common Charges**

- Work carried out to common property will be payable by all property owners. The appropriate share of the cost of providing services and repairs to common areas of buildings, property or ground carried out where ACHA has been invoiced and the paperwork completed. These will be invoiced to owners as and when work is completed.
- Copies of all invoices relating to the provision of these services will be maintained and made available for inspection at local area offices.
- Any disputed costs regarding work detailed on the invoice should be raised with the local area office. All other non-disputed charges will remain due within the time-limit stated on the invoice.

- **Administration charge**

The administration charge due to ACHA for staff consulting owners and administering and overseeing repairs and is calculated as a percentage on the property owners share of the repair and due to ACHA. This will be reviewed periodically.

- **VAT**

VAT will be due to be paid by the property owners if applicable.

- **Cyclical maintenance**

Any agreed cyclical maintenance arrangements will be subject to agreement with owners in advance.

- **Outlays**

Any agreed outlays incurred by ACHA on behalf of property owners will be due.

- **Payments**

Payment options will be made available to owners on their invoices.

### **4.2.3 Estate Ground**

ACHA does not currently re-charge owners for their share of maintenance and repair of common ground. This may be introduced on completion of the title inspection and on advice provided by legal advisers.

### **4.2.3 Statements**

- **Annual Statements – Formal Factored**

An annual statement listing invoices issued and payments received shall be issued to formal factored property owners following on the end of the financial year.

- **Closing statements – formal factored**

ACHA's staff will request any property owners who intend to sell to, as soon as possible, notify ACHA's Factoring Team of:-

- The proposed date of sale
- The purchasers full name and contact details

- The sellers solicitors contact details

The seller's Solicitors must confirm the date of sale to ACHA in writing. Once this has been confirmed a closing statement shall be prepared. On issue of the closing statement any sums due by the sellers will be invoices and any refund due shall be instructed to be issued to the property owners or their Solicitors.

- **Statements - Informal factored**

No annual statements are provided, any charges due are detailed on invoices.

### **4.3. Arrears**

ACHA will adopt a flexible and reasonable approach to ensure arrears are minimized and outstanding debts are recovered.

#### **4.3.1. Formal Factored**

Invoices are due for payment within 14 days of the date of issue. If the property owners fail to pay any sums due within 14 days, ACHA will follow its Factoring Debt Recovery Procedure.

ACHA will provide property owners with contact details of agencies which provide money advice in the event of them experiencing difficulty in paying invoices.

#### **4.3.2 Informal Factored**

Invoices are due for payment within 21 days of the date of issue. If the property owners fail to pay any sums due within 21 days, ACHA will follow its Sundry Debtors Procedure.

ACHA will provide property owners with contact details for agencies which provide money advice in the event of them experiencing difficulty in paying costs and charges.

#### **4.4 Common ground**

No invoices are currently issued for grounds maintenance.

#### **4.5 Responsibility**

- The Chief Executive is the responsible person as defined in the Property Factors (Scotland) Act 2011.
- The Director of Housing & Neighbourhood Services has the primary responsibility for the factoring service. In exercising this responsibility, the Director will liaise closely with the Directors of Investment and Regeneration, Finance and IT and HR and Corporate Services.
- All ACHA staff will ensure this Policy is followed.
- Compliance with the policy will be in terms of the formal Factoring Agreement, title deeds, Deed of Conditions, Property Factors (Scotland) Act 2011, Tenements (Scotland) Act 2004 and/or Title Conditions (Scotland) Act 2003.
- ACHA's Factoring Team are responsible for collating repair costs and issuing invoices, statements and closing statements. They are also responsible for pursuing outstanding invoices, arranging payment agreements and setting up direct debit and standing order payments. The Factoring Team are responsible for maintaining the formally factored owners' accounts and shall be responsible for calculating shares of maintenance and repair due by property owners

within the formal factoring service. The Factoring Team shall deal with legal title queries relating to formally factored properties with advice and guidance from ACHA's legal representatives when required.

- The Customer Service Centre will take calls from formal factored property owners to notify repairs and issuing all notification and consultation letters. They shall also be responsible for ensuring formal factored property details are provided to the out of hours service, receiving telephone card payments and general enquiries from factored owners.
- The local area Housing & Neighbourhood Services office shall be responsible for arranging maintenance of and repair to common property and providing detailed work descriptions including any breakdown of work description and related costs to the Customer Service Centre or owners, they are also responsible for overseeing work and authorising contractor payments on satisfaction of the work. Staff shall deal with disputes over repairs charged and notify colleagues of disputes, invoices to be held and the outcome of any investigations. Staff shall be responsible for notifying the Factoring Team of substantial changes to management to ensure a valid and up to date Statement of Service is issued to the affected property owners. Staff will carry out face to face contact for unpaid formal factored accounts.
- The Private Owners Unit within Investment and Regeneration shall be responsible for liaising with owners regarding major work, liaising with the local authority in terms of grants, liaising with quantity surveyors, contractors and tendering for major work costs.

- Finance and IT shall be responsible for issuing, maintaining and pursuing the informally factored invoices.
- If property owners are not satisfied with the service or the outcome of any query, they may refer to ACHA's Customer Complaints Policy.
- ACHA encourages property owners to report concerns about maintenance to their local area office within 14 days of receipt of invoice to ensure matters can be addressed promptly.

#### **4.6 Written statement of service**

- ACHA will provide property owners with a written Statement of Services. The Statements will be specific to the property whether formally factored, informally factored or common ground and all will contain the Property Factor Registered Number.
- ACHA will provide Statements of Service to:-
  - New owners
  - Owners following on ACHA's acceptance of formal factoring arrangements
  - Owners following on a change of ownership when ACHA becomes aware of the change
  - Owners following on any substantive changes to the Statement of Services
- The written Statement of Services will set out the service provided to owners in compliance with the Code of Conduct.

#### **4.7 Consultation, notification and delegated authority (formal factored)**

### 4.7.1. Formal factored

- Repairs, maintenance and emergency works expected to cost less than £100 per flat will proceed without consultation or notification and ACHA has delegated authority to carry out work on this basis.
- Repairs and maintenance work expected to cost more than £100 per flat and less than £200 per flat will be notified to property owners.
- Owners will be consulted about repairs and maintenance work expected to cost more than £200 per flat and be given an opportunity to respond within a 14 day time-limit. Where possible estimates will be obtained and made available to owners during consultation to identify value for money. In the absence of written objection the owners will be deemed to be in full agreement to work being undertaken and delegated authority shall apply on the basis of simple majority of properties.
- ACHA will attempt to obtain three estimates, quotations, or tenders for work expected to exceed £5,000 per block and make these available to owners for inspection (less any contractually sensitive information). In the absence of written objection the owners will be deemed to be in full agreement to work being undertaken and delegated authority shall apply on the basis of simple majority of properties.
- Emergency work may be made safe immediately without prior consultation dependent on circumstances. Property owners should be notified of such situations where costs are expected to exceed £100.
- ACHA will have delegated authority to apply for a tenement condition study on behalf of formally factored owners (where available from the Local Authority). ACHA will inform owners of the requirements for a tenement

condition study. Consultation shall take place with owners if they are required to pay any balance due for tenement condition study.

- ACHA selects contractors in accordance with its procurement policy and procedures. Contractors' performance is regularly monitored by staff to ensure that service and quality of works are of a high standard and represent value for money. Appointments are reviewed by Senior Management to ensure costs remain competitive but consistent with the quality of service.
- Major work involves substantial renovation work to buildings eg re-roofing, re-roughcasting. It will be necessary for all owners to be in agreement to enable major work to proceed. Property owners are responsible for their share of the cost of such work, tenement condition study, consultant's fees, planning and building warrant costs (where applicable) and administration costs. Major work will not start until full payment of the cost of work has been received by ACHA, along with a signed Factoring Agreement, signed Minute of Agreement and signed grant mandate form to pay direct to the Association (if applicable). All matters relating to major work will be detailed in the Minute of Agreement which is specific to the work being carried out.

### **7.4.2. Informal factored**

- Emergency work which affects our tenants or may cause material damage or destruction to buildings may be made safe immediately in terms of the Tenements (Scotland) Act 2004. Owners will be notified of such emergency work having been instructed as soon as practicably possible.
- All other works will only proceed following on consultation with owners and full agreement to work progressing.



### **4.8. Insurance**

- ACHA does not provide a common block insurance policy. Property owners are required to have a contract of insurance for the full reinstatement value of the property and any parts of the tenement building attached to the property. Household contents insurance is not covered by ACHA and owners will need to make their own arrangements in this regard.
- ACHA has and will maintain adequate professional indemnity insurance to operate the factoring service.

### **4.9. Sale of property**

- Property owners will be requested to notify ACHA prior to the date of sale or disposal of formally factored property and provide a date of change and contact details of the new owners.
- Property owners will be requested to notify new owners that the property is formally factored by ACHA.
- ACHA must issue new formally factored owners with an Owners Information Pack containing:-
  - An introduction letter
  - A Factoring Agreement specific to their property
  - A Homeowners Guide – containing emergency contact number
  - A Written Statement of Services
  - Details of how to sign your agreement
  - Contact details form

### **4.10 Consultation exercise**

- Consultation with property owners takes place in a variety of forms, including:-
  - Correspondence and telephone calls
  - Meetings – either public or individual as required
  - Consultation and notification letters on work required
  - Surveys
  - Liaison with tenants panels and area committees
- Property owners are encouraged to provide feedback on the service they receive.

### **4.11. Debt recovery**

#### **4.11.1 Formal factored**

ACHA has a clear written debt recovery procedure which outlines the steps it follows for recovery of outstanding sums due. This procedure will be clearly, consistently and reasonably applied and is available on our website.

#### **4.11.2 Informal factored**

ACHA has a clear written debt recovery procedure which outlines the steps it will follow for recovery of outstanding sums due. The procedure for informally factored blocks is the sundry debtors procedure and will be clearly, consistently and reasonably applied and is available on our website.

#### **4.11.3 Estate maintenance**

ACHA does not currently recharge owners for estate maintenance.

### 4.12. Repairs and maintenance

- Formal Factored Property Owners are provided with a freephone number to notify matters requiring repair, maintenance or attention.
- ACHA will be able to demonstrate how and why contractors have been appointed.
- ACHA consults with formally factored owners regarding work by issuing consultation and notification letters, and keep owners informed of progress, including estimated timescales for completion of work.
- Contractors appointed by ACHA are checked to ensure they have public liability insurance.
- Tender documents will be made available for inspection by property owners on request, less any contractually sensitive information.

### Section 5 – Performance management

ACHA will introduce a range of internal performance standards in order to monitor the effectiveness the factoring policy and identify areas where improvements are required.

Reports will be submitted to the Board of Management on a monthly basis, based on the performance measurements used by the association.

The monitoring information that ACHA will use will include:

- Number of title deeds inspected
- Number of title deed inspections checked
- Number of properties accepted formal factoring

- Number of properties rejected formal factoring
- Debt recovery monitoring

### **Section 6 – Development and training**

ACHA will ensure that members of staff and contractors used are familiar with the duties and requirements imposed by the Code of Conduct.

### **Section 7 – Our positive action initiatives**

ACHA takes a positive approach to providing an effective and efficient factoring service to property owners by managing mixed tenure blocks in the following circumstances (a) formal factored where factoring agreements are being entered into (b) informal factored where ACHA has been assumed as factors in terms of custom and practice under the Property Factors (Scotland) Act 2011 or by separate arrangement and (c) where ACHA currently maintains common ground and pays for the associated costs involved. ACHA aims to work closely with neighbouring owners within communities and invite feedback on the service provided so that this can continue to be progressed.

### **Section 8 – Dealing with complaints**

Complaints or disputes will be addressed through ACHA's complaints procedure. Should any complaints not be resolved by the in-house complaints procedures owners can apply to the Homeowners Housing Panel, Europa Building, 450 Argyle Street, Glasgow, G2 8LH. Telephone: 0141 242 0145 Fax: 0141 242 0141 if they feel there has been:-

- A failure to comply with the Code of Conduct.
- A failure to carry out duties

### **Section 9 – Consultation and review procedures**

ACHA will review this Policy regularly and it will be monitored by us to judge its effectiveness. It will be updated in accordance with changes in the law.

A full review will be required every three years to ensure good practice is kept up to date and developments are taken into consideration.

### **Section 10 – Confidentiality and data protection guidance**

Information ACHA hold on private owners is governed by the Data Protection Act 1998.

<b>Policy Consultation and Review Process</b>	
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