

Factoring Policy

Our Commitment

Argyll Community Housing Association Group is committed to provide equal opportunities across all services and to avoid discrimination. This policy is intended to assist Argyll Community Housing Association (ACHA) and Argyll Homes for All (AHFA) 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. ACHA is Registered with the Scottish Government, Property Factor Registration Number PF000302.

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

ACHA operates the factoring service to comply with 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. ACHA does not carry out repairs to any private property or ground that is exclusively owned by others. 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
- Factoring Agreement
- Property Factors (Scotland) Act 2011 and Code of Conduct
- Tenements (Scotland) Act 2004
- Title Conditions (Scotland) Act 2003
- Housing (Scotland) Act 1989
- Housing (Scotland) Act 2001
- Housing (Scotland) Act 2006
- Data Protection Act 1998
- General Data Protection Regulations (GDPR)
- Equal Opportunities Legislation
- The Equality Act 2010
- Scottish Federation of Housing Associations Factoring Guidance

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 is not intended as legal guidance but a note of key legal provisions that affect, and are taken into consideration, in this Policy.

Section 3 – Our Policy Objectives

ACHA's objectives are to provide an effective and efficient formal factoring service. Our aims are:-

- To keep owners informed of progress of work including approximate timescales for completion.
- To respond to emergency repairs within 2 to 8 hours to make safe.
- To respond to and complete urgent repairs within 5 working days.
- To respond to and complete routine repairs within 20 working days including an inspection, if required.
- To consult with owners and liaise about work required or being carried out to common parts, when required.
- 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, detailing costs and providing information 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. The formal Factoring Agreement will clearly set out shares of maintenance and responsibility and the service that will be provided. Owners will be advised to seek independent legal advice before signing the Factoring Agreement.

ACHA will also 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. Where appropriate, a formal Factoring Agreement will clearly set out ACHA's appointment once approved in this manner, including the 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, deed of conditions or Tenements (Scotland) Act 2004.

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 (SHQS) or the Energy Efficiency Standard for Social Housing (ESSH) or otherwise.

4.1.3 Estate Maintenance

Estate maintenance will be managed on the basis of ownership and maintenance responsibilities contained in the title deeds, deed of conditions or Title Conditions (Scotland) Act 2003.

- ACHA may maintain common areas within estates as an owner of a share or shares in these areas.
- ACHA may 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 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 invoices 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 issued to formally factored owners.

- **The Property Management Fee**

- The annual property management fee is payable quarterly.
- The property management fee will be reviewed annually by the Board of Management 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 where they are responsible. The appropriate share of the cost of providing services and repairs to common areas of buildings, property or ground, where work has been completed in the previous quarter will be recharge to formally factored owners through their quarterly invoices.
- Copies of invoices relating to the provision of services and work will be made available for inspection at local area offices if requested by owners.

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- Any disputes regarding work detailed on the invoice should be raised with the local area office within 28 days of the date of the invoice. All charges will remain due within the time-limit stated on the invoice which will be 28 days. The 28 day period may, in exceptional circumstances, be reduced to a minimum of 14 days if essential to meet contractual time constraints.

- **Administration Charge**

An administration charge of 5% will be charged on the cost of work where the total net cost of work is £10,000 or more.

No administration charge will be due where the total net cost of work carried out to formally factored blocks is less than a net cost of £10,000.

- **VAT**

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

- **Change of Ownership – Closing Administration Charge**

A set charge, as stipulated by ACHA's Board of Management, will be due by the seller of a formally factored property and included in their closing statement at the time of sale, to cover additional administration relating to sales.

At the date of approval of this policy, the charge is £25. Changes to this charge can only be applied by agreement of the Board of Management. Any changes would be intimated to owners at least four weeks prior to implementation.

- **Cyclical Maintenance**

The cost of cyclical maintenance work will be included in quarterly invoices following on completion of work.

- **Outlays**

Outlays incurred by ACHA on behalf of property owners will be included in quarterly invoices once due.

- **Payments**

- Invoices are due for payment within 28 days of the date of issue. The 28 day period may, in exceptional circumstances, be reduced to a minimum of 14 days if essential to meet contractual time constraints.
- Payment options will be made available to owners and displayed on their quarterly invoices. Property owners will be given the option to spread costs by paying monthly by direct debit or standing order.
- Any disputed costs regarding work detailed on the invoice should be raised with the local Area Team. All charges will remain due within the time-limit stated on the invoice.

4.2.2 Informal Factoring

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

- **Common Charges**

- Where work is carried out by ACHA to common property (common areas of buildings, property or ground) the appropriate share of the cost of providing services and repairs will be due by owners, when invoiced, on completion of work.
- Copies of invoices relating to the provision of services and repairs will be available for inspection at local area offices, if requested by owners.
- Any disputed costs regarding work detailed on the invoice should be raised with the local area office. All charges will remain due within the time-limit stated on the invoice which will be 28 days. The 28 day period may, in exceptional circumstances, be reduced to a minimum of 14 days if essential to meet contractual time constraints.

- **Administration Charge**

The administration charge due to ACHA for staff consulting owners and administering and overseeing repairs, is

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calculated as a percentage on the property owners share of the cost of repair. This will be reviewed periodically.

At the time of approval of this Policy the charge is 12.5% added to the cost of repairs and maintenance. Changes to this charge can only be applied by agreement of the Board of Management. Any changes would be intimated to owners at least four weeks prior to implementation.

- **VAT**

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

- **Cyclical Maintenance**

The cost of any cyclical maintenance arrangements will be subject to agreement with owners in advance.

- **Outlays**

Outlays incurred by ACHA on behalf of property owners will be included in invoices on completion of work.

- **Payments**

- Invoices are due for payment within 28 days of the date of issue. The 28 day period may, in exceptional circumstances, be reduced to a minimum of 14 days if essential to meet contractual time constraints.
- 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 title inspections and on advice provided by legal advisers.

4.2.4 Statements of Costs

- **Annual Statements of Costs – Formal Factored**

An annual statement detailing invoices issued and payments received shall be issued to formal factored property owners as soon as practically possible following on the end of each financial year.

- **Closing Statements – Formal Factored**

ACHA's staff will ask any property owners who intend to sell to notify the following information to ACHA prior to sale and as soon as the information is known:-

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

The seller's Solicitors will be asked to 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 invoiced or any refund due shall be instructed to be issued to the property owners or their Solicitors. The change of ownership closing administration charge will be included on the closing statement and may be deducted from any refund due.

- **Statements of Costs - Informal factored**

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

- **Statements of Costs – Estate ground**

No annual statements are provided, as no charges are applied currently to property owners.

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

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Invoices are due for payment within 28 days of the date of issue or such other date as stipulated. If the property owner fails to pay any sums due within the time limit specified for payment, ACHA will follow its Factoring Debt Recovery Procedure.

If property owners experience difficulty in paying invoices, ACHA will provide them with contact details of agencies which provide money advice.

4.3.2 Informal Factored

Invoices are due for payment within 28 days of the date of issue or such other date as stipulated. If the property owners fail to pay any sums due within the time limit specified for payment, ACHA will follow its Sundry Debtors Procedure.

If property owners experience difficulty in paying invoices, ACHA will provide them with contact details for agencies which provide money advice.

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 Directors of Housing & Neighbourhood Services, Investment and Regeneration, Finance and IT, and Human Resources and Corporate Services are responsible for ensuring staff are aware of and follow this Policy.
- All ACHA staff have a responsibility to ensure this Policy is followed.
- Compliance with the policy will be in terms of the formal Factoring Agreements, title deeds, Deed of Conditions, Property Factors (Scotland) Act 2011, Tenements (Scotland) Act 2004 and/or Title Conditions (Scotland) Act 2003.
- The Private Owners Unit within Investment and Regeneration are responsible for liaising with owners in

regard to major work, including, but only where applicable, liaising with quantity surveyors and contractors; tendering for costs of work on behalf of owners; providing information as to availability of grants (if any) and directing to appropriate organisations; entering into Minute of Agreements specific to major work required.

4.6 Written statement of service

- ACHA will provide factored property owners with a written Statement of Services. The Statement 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 comply with the Code of Conduct.

4.7 Communication

ACHA are committed to providing a high quality service which is fair, open, accessible and responsive to all customers and will implement our group communication and feedback strategy in all respects. In particular we aim to respond to customers within the following timescales as set out in the strategy:-

Telephone calls:

- Answer promptly
- Identify ourselves
- If query cannot be answered immediately or member of staff unavailable, call back within 24 hours.

Letters and emails:

- Acknowledge within two working days
- Reply within 10 working days
- Reply accurately and in plain language
- Reply to include name and telephone number of sender

4.8 Consultation, notification and delegated authority

4.8.1 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. Unless the work is urgent, ACHA aims to notify owners in advance of work being undertaken.
- 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 prove 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 a simple majority of properties.
- ACHA will request 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 a simple majority of properties.
- Emergency work may be made safe immediately without prior consultation dependent on circumstances. Property owners will be notified of such situations where costs are expected to exceed £100 or further work and costs will be incurred.
- 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

meet appropriate standards 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 e.g. 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, consultant's fees, surveys (if required), planning and building warrant costs (where applicable), tender costs 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 (relating to costs) 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.

4.8.2. 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, unless following the provisions of the Tenements Management Scheme.

4.9. Insurance

- ACHA does not provide a common block insurance policy. Property owners are required to have buildings insurance for the full reinstatement value of their property and any parts of the tenement building attached to their property.
- ACHA does not provide household contents insurance and, again, owners will need to make their own arrangements in this regard.
- ACHA has and will maintain adequate buildings insurance for the properties owned by them.

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- ACHA has and will maintain adequate professional negligence insurance to operate the factoring service.

4.10. Sale of property

- It is the property owners responsibility to notify ACHA of any changes in ownership. ACHA must issue new formally factored owners with:-
 - An introduction letter
 - A Factoring Leaflet detailing costs and charges of the service
 - A Factoring Agreement specific to their property or reference to the Deed of Conditions if applicable
 - A Homeowners Guide – containing emergency contact number
 - A Written Statement of Services
 - Details of how to sign your agreement
 - Contact details form

4.11 Debt recovery

4.10.1 Formal factored

ACHA has a clear written debt recovery procedure (Factoring 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 (Sundry Debtors 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

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- Formal Factored property owners are provided with a freephone number to notify matters requiring repair, maintenance or action required.
- 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.

Internal staff training has and will continue to take place where required.

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 invites 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 – more information about the complaints procedure is available on the ACHA website.

If an owner considers that their complaint(s) have not be resolved by the in-house complaints procedure, that procedure provides information about external agencies to whom the owner may take their concerns. In particular, if they consider there has been:-

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

then the owner may refer the matter further to:

Housing and Property Chamber
First-tier Tribunal for Scotland
Glasgow Tribunals Centre
20 York Street
Glasgow
G2 8GT

Tel: 0141 302 5900

Email: HPCadmin@scotcourtribunals.gov.uk

Website: www.housingandpropertychamber.scot

Section 9 – Consultation and review procedures

ACHA will review this Policy regularly and it will be monitored 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.

9.1 Consultation exercise

- Consultation with property owners takes place in a variety of forms, including:-
 - Correspondence and telephone calls
 - Text messaging
 - 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 actively encouraged to provide feedback on the service they receive.

Section 10 – Confidentiality, data protection and GDPR guidance

ACHA shall comply with data protection requirements and General Data Protection Regulations (GDPR) as detailed in the Data Protection Policy available on ACHA's website.

Glossary of Terms

Emergency Repairs	Work required either to prevent damage to any part of the tenement or in the interests of health and safety.
Urgent Repairs	Repairs needing prompt attention but non-emergency
Routine Repairs	Repairs which are not emergency or do not require prompt (urgent) attention.
Title deeds	The legal deeds which provides details of ownership and responsibilities
Factoring Agreement	A separate legal Agreement detailing services provided by ACHA and owners responsibilities, this can be more specific than title deeds and include any additional information agreed between ACHA and the owners.
Tenement	A block of two or more properties which share parts of buildings in common.
Arrears	Costs due by owners that have not been paid resulting in debts due.
Delegated authority	Levels set through the Factoring Agreement which allows work to proceed without consultation
Tender documents	Work contracts created and submitted to contractors to allow them to price for work

Policy Consultation and Review Process	
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