

## FACTORING POLICY

### 1.0 INTRODUCTION

#### 1.1 'Factoring' is defined as:

*"a property management service offered to property owners to co-ordinate and carry out work on their behalf, usually in respect of repairs, improvements, maintenance, insurance and administration."*

Factoring services and responsibilities may relate to areas of common land or space as well as to specific properties.

#### 1.2 Almond will provide a factoring service for owners subject to:

- the Deed of Conditions specifying clearly the activities to be covered by a factoring service together with the rights and responsibilities of the owner and the factor;
- where there are several owners in a block, the Deed of Conditions stating that a **majority** of owners may appoint a factor, i.e. the agreement of **all** the owners is not required either at the start of the arrangement or in the future;
- seeking to ensure that the costs of providing the service are covered by appropriate charges;
- seeking to ensure that where possible no factoring costs will be met by tenants and that, only in exceptional circumstances where there is an overall benefit to Almond and the wider community, will general funding be considered.

#### 1.3 The detailed arrangements for the provision of factoring services are described in our Factoring Procedures.

### 2.0 STATUTORY REQUIREMENTS

#### 2.1 We will ensure that the factoring service complies with all current legal requirements, statutory regulations, codes of practice and current appropriate guidance.

#### 2.2 In particular we will ensure that we comply with the Property Factors (Scotland) Act 2011, the Code of Conduct for Property Factors approved by the Scottish Parliament as part of the implementation of the Act, and any other regulations or guidance issued as part of implementing the Act.

### **3.0 DEEDS OF CONDITIONS – RIGHT TO BUY PROPERTIES**

- 3.1 The Deed of Conditions for properties purchased by tenants under the 'Right to Buy' provisions will contain all the necessary clauses and conditions required to provide the legal basis for a factoring service and for making appropriate charges to owners.

### **4.0 RESPONSIBILITIES FOR SERVICE PROVISION**

- 4.1 Within Almond HA the Head of Housing Management has the primary responsibility for the factoring service. In exercising this responsibility the Head of Housing Management will liaise closely with the Head of Asset Management and Head of Finance, each of whom have specific responsibilities with regard to factoring.
- 4.2 The Head of Asset Management will ensure that all necessary repairs and improvements are undertaken to an acceptable quality within our target timescales, or as otherwise agreed with owners, and that in the case of cyclical and planned maintenance, major repairs or improvements, the necessary technical and financial information is provided to enable the required consultation with owners to be held.
- 4.3 The Head of Finance will ensure that invoices covering all charges due are raised and followed up for payment, and will recommend the level of the annual factoring management fee (administrative charge) to the Board of Management.
- 4.4 The Chief Executive will ensure that appropriate levels of insurance cover are maintained, and that all formal complaints about the level or quality of the factoring service are dealt with, in accordance with the Complaints Policy & Procedures.
- 4.5 We will apply the same targets and standards to factored properties as are applied to our own tenanted properties. These targets etc. are set out in the various policy and procedure documents, and in the current Business Plan.

### **5.0 INSURANCE**

- 5.1 All owners in mixed tenure blocks will be required to have their properties included in our block buildings insurance policy. Each owner's share of the annual premium will be charged in the first invoice issued each financial year.

### **6.0 INFORMATION TO OWNERS, CONSULTATION & LIAISON**

- 6.1 We will ensure that appropriate information on the factoring service is issued to owners in a variety of ways, including separate leaflets such as the 'Owners Handbook' and items in the *Almond View*.
- 6.2 As required by the Property Factors Act we will ensure that a Statement of Services containing the information specified in the Code of Conduct is issued to each owner who receives a factoring service from us.

When we are advised of a change of ownership we will issue a fresh Statement to the new owner.

- 6.3 If we make any major changes to the factoring service, either in the range of activities covered or in the way we deliver them, we will issue a revised Statement of Services to the owners affected, following consultation where required, to comply with the Code of Conduct.
- 6.4 We will consult and liaise with owners as required on repairs or maintenance work, as detailed in the procedures supporting this policy. With regard to reactive repairs, we will normally only consult in advance where the repair is not urgent and the individual cost of the work required will exceed £250 (excluding VAT).
- 6.5 We will arrange meetings on factoring services with owners as required, or in response to a request from owners.

## **7.0 EMERGENCY ARRANGEMENTS**

- 7.1 We will ensure that owners are advised of the arrangements for dealing with emergency situations affecting the common areas, including call-out arrangements where appropriate.

## **8.0 MANAGEMENT FEE**

- 8.1 Each year, following a recommendation from the Head of Finance, the Board of Management will approve the management fee to be charged to owners in receipt of the factoring service.
- 8.2 The management fee will be set at a level which ensures that our costs in providing the service are fully recovered.

## **9.0 INVOICES**

- 9.1 The Finance section will issue each factored owner with an invoice for their share of the costs of repairs and maintenance to the common areas of their block, maintenance of common landscaping and shared services such as main stair electricity, that have been incurred since the previous invoice, plus their share of the management fee.
- 9.2 Invoices will be issued quarterly to owners receiving a full repairs and landscaping service, and 6-monthly to owners receiving a landscaping service only.

## **10.0 ARREARS**

- 10.1 The Finance section will follow up invoices to ensure payment and minimise arrears. The detailed arrangements are described in the Factoring Procedures and in the procedure entitled 'Debt Recovery – Factoring Service'.
- 10.2 Owners will be given reasonable opportunities to clear any outstanding accounts on the basis that the total debt should be paid off within 6 months of the invoice being issued.

10.3 In the case of large invoices for repairs, where the cost per owner is at least £1,000, we may agree alternative payment arrangements over a longer period to ensure recovery of the costs.

In the case of cyclical and planned maintenance contracts we will agree with each owner involved a payment arrangement to ensure that their share of the costs is paid within an acceptable time.

10.4 As a last resort, we will consider taking legal action to recover the outstanding debt.

## **11.0 RECORD KEEPING**

10.1 We will ensure that appropriate detailed records are maintained on all factored properties so that all works undertaken and services provided can be identified and correctly charged for, according to the responsibilities of individual owners.

## **12.0 COMPLAINTS AND DISPUTES**

12.1 We will respond to complaints and appeals regarding the factoring service and charges made in accordance with our Complaints policy and procedures. Where any complaint has failed to be resolved by Almond, owners will have access to the Homeowner Housing Panel, set up under the Property Factors Act.

12.2 We will ensure that there are in place appropriate procedures covering our responsibilities regarding disputes between tenants and owners, and between owners, regarding factoring services.

## **13.0 IMPLEMENTATION AND REVIEW**

13.1 The Head of Housing Management will ensure, in liaison with management colleagues, that the provisions of this policy and the supporting procedures are implemented by all concerned.

13.2 The Head of Housing Management will submit an annual report on the provision of factoring services to the Board, and may report more frequently if required.

13.3 The Head of Housing Management will ensure that this policy is reviewed by the Board at least every five years.

<b>FIRST APPROVED IN</b>	<b>SEPTEMBER 1996</b>
<b>CURRENT VERSION 3.0 APPROVED IN</b>	<b>FEBRUARY 2013</b>
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