



## 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 Housing Association Limited (AHA Ltd.) 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 AHA Ltd. and the wider community, will general funding be considered.

1.3 This policy is supported by detailed Factoring Procedures.

### 2.0 RESPONSIBILITIES

#### 2.1 Board of Management

- To ensure that there is in place a Factoring policy which complies with current regulations, guidance and good practice.
- To monitor compliance with the policy and deal with any matters that require a Board decision.

#### 2.2 Management

- Head of Housing Management: Primary responsibility for the factoring service on a day-to-day basis, advising the Board of Management, other Heads of Section and all employees as required on specific matters.
- Chief Executive: To ensure 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.

- Head of Asset Management: To ensure all repairs and improvements are undertaken to an acceptable quality within current 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.
- Head of Finance: To ensure that invoices covering all charges due are raised and followed up for payment, and to recommend the level of the annual factoring management fee (administrative charge) to the Board of Management.

### 2.3 **Employees**

- To ensure they have read and understood the policy and procedures, and to implement them as required in the course of their work.

## 3.0 **STATUTORY REQUIREMENTS**

- 3.1 AHA Ltd. will ensure that the factoring service provided complies with all current legal requirements, statutory regulations, codes of practice and current appropriate guidance.
- 3.2 In particular AHA Ltd. 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.

## 4.0 **INSURANCE**

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

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

- 5.1 AHA Ltd. 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 on our website.
- 5.2 As required by the Property Factors Act, AHA Ltd. will ensure that a Statement of Services containing the information specified in the Code of Conduct is issued to each new owner who receives a factoring service from us.

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

- 5.3 If we make any major changes to the factoring service, either in the range of activities covered or in the way we deliver them, AHA Ltd. will issue a revised Statement of Services to the owners affected, following consultation where required, to comply with the Code of Conduct.
- 5.4 AHA Ltd. 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, AHA Ltd. 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).

- 5.5 AHA Ltd. will arrange meetings on factoring services with owners as required, or in response to a request from owners.

## **6.0 EMERGENCY ARRANGEMENTS**

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

## **7.0 MANAGEMENT FEE**

- 7.1 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.
- 7.2 The management fee will be set at a level which ensures that AHA Ltd.'s costs in providing the service are fully recovered.

## **8.0 INVOICES**

- 8.1 Each factored owner will be issued 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.
- 8.2 Invoices will be issued quarterly to owners receiving a full repairs and landscaping service, and 6-monthly to owners receiving a landscaping service only.

## **9.0 ARREARS**

- 9.1 Invoices will be followed up to ensure payment and minimise arrears. The detailed arrangements are described in the Factoring Procedures and in the procedure entitled 'Debt Recovery – Factoring'.
- 9.2 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.
- 9.3 In the case of large invoices for repairs, where the cost per owner is at least £1,000, AHA Ltd. may agree alternative payment arrangements over a longer period to ensure recovery of the costs.

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

- 9.4 As a last resort, AHA Ltd. will consider taking legal action to recover the outstanding debt.

## 10.0 RECORD KEEPING

10.1 AHA Ltd. 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.

## 11.0 COMPLAINTS AND DISPUTES

11.1 AHA Ltd. 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 AHA Ltd., owners will have access to the First Tier Tribunal for Scotland (Housing and Property Chamber)\*.

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

## 12.0 REVIEW

12.1 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.

12.2 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 4.0 APPROVED IN</b>	<b>FEBRUARY 2018</b>
<b>NEXT REVIEW DUE BY</b>	<b>FEBRUARY 2023</b>

*\*On 1 December 2016 the Tribunal took over the functions of the Homeowner Housing Panel, which was set up under the Property Factors (Scotland) Act 2011.*