



FACTORING POLICY

POLICY IMPLEMENTATION CHECKLIST	
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Approved by Director:	16 MAY 2023
Effective From:	24 MAY 2023
Date of Next Review:	MAY 2028
Diversity compliant:	YES
Equality Impact Assessment:	LOW
Data Protection compliant:	YES
Health & Safety compliant:	YES
Procedure implemented:	YES
SDM system changes made:	N/A
Training Completed:	
Posted on Sharepoint:	
Posted on website:	

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FACTORING POLICY

1.0 INTRODUCTION

This policy sets out the principals behind which Forgewood Housing Co-operative will operate its factoring service.

The underlying aims of providing the service will be to provide a safe, high quality living environment for all occupiers and visitors. Through delivering this service we will maintain the fabric of the buildings and common areas to a high standard ensuring it is an attractive place to live.

This Policy reflects the terms of Section 14 of the Property Factors (Scotland) Act 2011.

In accordance with the Act, Forgewood Housing Co-operative:-

- Maintain registration as a Property Factor on the Scottish Government's Property Factor Register– *registration number* PF000179 and re-register every 3 years;
- Submit annual returns to the Scottish Government to update their register of all factored properties / land details;
- Comply with the Code of Conduct for registered property factors (revised in August 2021) which sets out the overarching standards of practice the Co-operative should apply;
- Provide a high quality factoring service measured by satisfaction surveys of factored owners;
- Meet relevant legal and good practice guidance;
- Provide clear and comprehensive factoring advice and information to our factored owners;
- Minimise factoring arrears and maximise the recovery of sums owed by owners in arrears via our Factoring Debt Recovery Policy and Procedures.

2.0 POLICY AIMS AND OBJECTIVES

The Co-operative aims to provide an efficient factoring service and value for money for owners who live within the Forgewood area.

Through delivery of our factored service, the Co-operative aims to maintain the asset value of both owners and Co-operative properties.

Our objectives are as follows:-

- Managing the factored properties and estates effectively to ensure the Co-operative's interests in the area and those of all residents are protected and that common areas are maintained to the highest possible standard;
- To ensure the condition of the Co-operative's property is preserved, thereby protecting our investment;

- To clearly define the respective duties and responsibilities of both factored owners and the Co-operative;
- Ensuring that debts and operating costs are pursued fairly in accordance with agreements and the Factored Arrears Debt Recovery Policy;
- To provide clear information to owners on our factored service;
- To regularly review and monitor our factoring service;
- Ensure value for money;
- By implementing an effective factoring accounts system and efficient debt recovery, the Co-operative will seek to maximise its income and promote an awareness of owner's responsibilities;
- To encourage owners to participate in the factoring process and decisions that affect the property.

3.0 LEGAL REQUIREMENTS, CHARTER AND GOOD PRACTICE

The Co-operative will ensure that it conducts its business in a manner that complies with relevant legislation.

Factoring services are governed by a wide range of legislation which the Co-operative will ensure it meets.

The Property Factor's (Scotland) Act 2011 incorporates the Code of Conduct for Property Factors. The Code of Conduct conveys the minimum standard of practice required when providing a factoring service.

The Co-operative has registered with the Scottish Government as Property Factors and must provide a Written Statement of Services detailing:-

- Authority to Act;
- Services Provided;
- Financial and charging arrangements;
- Communication arrangements;
- Declaration of Interests;
- How to end the arrangement.

In the majority of cases the Authority to Act is detailed in the Deed of Conditions which also sets out the payment shares and the way in which the management of the common areas will be carried out.

The Co-operative will operate its Factoring Service in accordance with the Code of Conduct for Property Factors and comply with the Regulatory Standards of Governance and Financial Management.

Scottish Social Housing Charter

The Scottish Social Housing Charter sets the standards and outcomes that all social landlords should aim to achieve when performing their housing activities. The Co-operative will take account of and comply with the relevant outcomes contained within the Scottish Social Housing Charter as follows:-

Outcome 1: Equalities – Every tenant and other customer has their individual needs recognised, is treated fairly and with respect, and receives fair access to housing and housing services.

Outcome 2: Communication – Social landlords manage their business so that tenants and other customers find it easy to communicate with their landlord and get the information they need about their landlord, how and why it makes decisions and the services it provides.

Outcome 13: Value for Money – Tenants, owners and other customers receive services that provide continually improving value for the rent and other charges they pay.

4.0 PROPERTY MANAGEMENT SERVICE

Where the Co-operative is the factor, we provide a property management service for property owners within Forgewood.

Property management includes providing a maintenance, repair and management service for the common parts of buildings and common ground within each area.

We provide the following property management services:-

- Routine and cyclical maintenance – repair and renewal to the common parts;
- Carrying out emergency repairs necessary for the health and safety of the occupants and the public or the safety of the property;
- Authorised major repair works;
- Additional services – including buildings insurance, managing maintenance contracts (for example, landscape maintenance);
- Co-ordination of payment for common electricity within the block.

5.0 TITLE DEEDS

The Title Deeds define the location of an owner's property and details the rights and responsibilities for their property and the shared responsibilities that each owner has within the block.

The Deed of Conditions included within the Title should specify: -

- The owners responsibilities for the management and maintenance of common parts;
- Specify how decisions should be made;
- Specify how costs are to be allocated between owners;
- The arrangement for paying for maintenance and repair.

Some Title Deeds for flats may not detail how decisions should be taken or describe all common parts. When this happens, the provisions of the Tenement (Scotland) Act 2004 are applied.

6.0 WRITTEN STATEMENT OF SERVICES

The Property Factors (Scotland) Act 2011 requires Landlords to provide each owner with a Written Statement of Services which sets out the terms and service delivery standards of the arrangement in place between the owner and the Co-operative. This Statement includes the Co-operative's Property Registration Number as a registered Property Factor. The schedule associated with the Written Statement of Services will differ in content for owners of houses and flats and be consistent with the Title Deeds for the property.

The Housing Officer will be responsible to provide a Written Statement to: -

- any new owner, within 4 weeks, of the Co-operative agreeing to provide the Factoring Service to them;
- any new owner, within 4 weeks of being made aware of a change in ownership of a property where the Co-operative already provides the factoring service;
- any owner at the earliest opportunity, but not exceeding one year, if there is any substantial change to the terms of the written statement.

In preparing the Written Statement for each property, the Co-operative will take account of any conditions within the Title Deeds and any other formal document with legal effect or any relevant legislation included within the Title Conditions (Scotland) Act 2003 and the Tenements (Scotland) Act 2004.

The Written Statement will include: -

- A statement on what authority we have to act as factors to the owners within the property;
- The core services the Co-operative provides which will include our response times for both common routine and emergency works;
- The non-core services the Co-operative provides, the charges and how they are notified and calculated;
- The management fee charged;
- The percentage share of charges for common works and services which are the responsibility of the owners;

- Details of the common insurance policy;
- Details of the invoicing and payment collection process;
- The Co-operative's Debt Recovery Policy;
- The Co-operative's Complaints process.

Where there is a significant change to the factoring services provided to owners the Co-operative will reissue owners with a new Written Statement.

7.0 MANAGEMENT FEE

The Co-operative will charge an annual Management Fee which covers the costs of:-

- Having access to report common repairs and discuss factoring issues with the Co-operative;
- Liaising with contractors to ensure common repairs are carried out timeously;
- Pre and post inspections where required;
- Arranging, monitoring and supervision of cyclical and major repair works as appropriate;
- Reviewing building insurance premiums;
- Administration of common insurance claims;
- Co-ordinating, managing and apportioning common services costs;
- Issuing invoices and updating owners accounts and debt recovery management where necessary;
- Access to the Co-operative's services provided via our AFTAR project with Citizens Advice Bureau (Income / Money Advice services);
- Dealing with close maintenance and anti-social behaviour complaints that an owner may have in relation to a Garrion People's tenancy;
- Providing a kerbside uplift.

The Management Fee will be reviewed annually taking account of the costs incurred from the previous year in providing the service and projected for the coming year.

8.0 CHARGES

The Co-operative will invoice owners for its factoring service on a 6 monthly basis. Invoices will normally be issued in April and October each year.

Information on payment methods will be included on the invoice sent to the owner.

The charges will include:-

- The Management Fee;
- Buildings Insurance;
- Cyclical Maintenance Fund;
- The costs of the common repairs/services as set out within the Title Deeds and Written Statement for each property factored.

The cost for any agreed common work of a cyclical or major repair nature will be included within the 6 monthly factoring accounts to owners.

The Co-operative may, at its discretion include owners' properties in any non-common work of planned maintenance provided that all sums due in respect of the work is paid upfront and there is no risk to the Co-operative.

If owners have cause to call out a contractor for an emergency common repair, they must ensure the repair is common and an emergency, otherwise the Co-operative will seek to recover all costs incurred as a result of the call from the owner.

Deposit / Floats

The Deed of Conditions may allow the Co-operative to collect a deposit / float per property from owners that would be held in order to fund factoring charges.

The deposit / float would be payable when the owner takes possession of the property and would normally be refunded on its sale. Any arrears on the factoring account at the time of sale would be deducted from the deposit / float.

9.0 BUILDING INSURANCE

Under the terms of their Deed of Conditions, owners may be required to insure their property and the common parts of their building through a common Buildings Insurance policy.

As Property factor the Co-operative will ensure that all owners in this situation are included in our common policy. Under these circumstances an owner cannot opt out of block insurance cover – it is a legal requirement,

In these cases a summary of the Buildings Insurance Policy will be issued annually to all factored owners which will explain what is and is not covered by the Policy and any excesses which apply.

In the event there is no requirement contained within the Deed of Condition for the owner to opt into the Co-operative's Buildings Insurance policy, we will write to all owners to invite them to participate in our Block Insurance Policy. Owners will be requested to complete a form to ask whether they wish to participate or not. If the property is a flat and they do not wish to participate, the owner will be asked to provide satisfactory proof of adequate alternative insurance cover.

Where they do not provide satisfactory proof, they will be included in the Block Policy and invoiced accordingly. If the property is a house and the owner does not wish to participate or fails to respond, they will then be removed from the Block Policy and are not required to provide proof of insurance.

The calculation of the insurance charge will be the total cost divided by the total number of properties (rented stock plus owner occupied properties). We will provide each owner, in writing, with clear information showing insurance premium amount, the name of the company providing the insurance cover and a summary of the terms of cover.

Where applicable, owners will usually be charged 6 monthly for buildings insurance. If there is a change in ownership there will be a refund of any unused cover and the new owner will be invited to participate for the remaining term of cover.

Where an owner participates in the common Insurance Policy, the Co-operative will progress insurance claims on behalf of owners providing that we were made aware of the problem and that one of our approved contractors carried out any subsequent work required.

10.0 RESPONSIBILITIES

The Co-operative will deliver the factoring service as follows: -

- Senior Finance Officer will be responsible for calculating the costs to be recharged to owners;
- Maintenance staff will deal with identifying and processing common works, cyclical works and any major repair works, including notification and consultation with owners;
- Finance staff will be responsible for issuing invoices and letters to all owners; updating payments to owners' accounts,
- Housing Officer will be responsible for carrying out debt control/recovery as necessary and changes of ownership;
- Housing Officer will deal with initial complaints as per the Co-operative's Complaints Procedure.

11.0 CONSULTATION

The Maintenance staff will consult with owners before providing work or services which will incur charges in addition to the core services and where the cost of any particular work is above the threshold stated within the owner's Written Statement.

Owners will be included with the Co-operative's Satisfaction Survey which is carried out every three years and in an ongoing yearly survey.

12.0 MAINTENANCE AND REPAIRS

The Co-operative will have in place procedures to: -

- Allow owners to notify us of matters requiring repair, maintenance or attention and will inform owners of progress of this work, including estimated timescales for completion;
- Deal with emergencies and for giving contractors access to properties to carry out emergency repairs wherever possible;
- Gas checks to those with gas heating and appliances within a flatted block.

Separately from our factoring service, the Co-operative will offer owners the opportunity of opting into property component contracts where appropriate (for example, window, kitchen and bathroom replacements).

13.0 MAINTAINING COMMON AREAS

The Co-operative will offer the following services at a cost to factored owners:-

- Grass cutting;
- De-littering;
- Backcourt maintenance;
- Close Cleaning;
- Common Window Cleaning;
- Close Lighting;
- Controlled Entry/TV Aerial;
- Communal repairs.

Where the majority of factored owners are in favour of the arrangement then the close will be bedded to the contract. The additional costs will be added to the 6 monthly factoring account.

Where the Co-operative considers the level of cleanliness or maintenance is below an acceptable standard due to non-participation it will arrange one off cleaning which will be recharged and treated as a common repair.

14.0 CYCLICAL MAINTENANCE FUND

Planning ahead is a key part of the factoring service, regular preventative maintenance will prove worthwhile over the longer term and ensure that the properties do not fall into disrepair, remaining a safe and attractive place to live.

Where works are planned we will notify owners prior to works being carried out. Consent levels per repair are detailed within the Deed of Conditions which can be carried out without first consulting the owners concerned. Repairs above this level will require consultation to take place. Owners will only be invoiced once the work has been completed to the satisfaction of the Co-operative.

Some typical examples are:-

- Gutter Cleaning;
- Painterwork of common areas in close.

15.0 SALE OF PROPERTY

Owners currently factored by the Co-operative are required to notify the Co-operative when they sell or dispose of their property. Owners' solicitors should inform the Co-operative of the following details:-

- Name of new owner;
- Date of settlement;
- Solicitor acting on new owner's behalf;

Owners should remember that where outstanding debts are held there may be difficulties in trying to sell the property. The Co-operative will in this instance liaise with the solicitor to recover funds enabling the sale to proceed.

16.0 DEBT RECOVERY

Following the issue of invoices, the Co-operative will monitor all payments into owners' accounts.

We have a clear written policy and procedures for debt recovery which outlines the steps the Co-operative will take when an owner's account falls into arrears. This will be the responsibility of the Housing Officer.

Where an owner expresses difficulty in making payments, we will offer the services of the Co-operative's AFTAR project with Citizens Advice Bureau (Income / Money Advice services).

In addition they can offer advice or referrals to agencies which may be able to assist them.

The Co-operative recognises that in some circumstances, repayment of charges in full would cause excessive financial problems for the owner. With this in mind, we will strive to agree a reasonable and affordable payment arrangement.

However, we will actively pursue the recovery of debt of any current or former owners.

The debt and any recovery action will be recorded on the Co-operative's Housing Management Software System (SDM) and logged within the diary by the Housing Officer.

The Housing Officer will ensure all methods are used to pursue the debt by means of letters, phone calls, house visits and office interviews.

Senior Management will be consulted prior to any legal action being taken and a report in respect of factoring arrears will be presented to the Management Committee annually.

17.0 COMPLAINTS

The Co-operative has a clear written procedure for responding to matters arising about the quality of the services it provides. All customers are welcome to make informal contact with staff to try to resolve any difficulties, but should they wish to make a formal complaint about the way a service has been provided the Co-operative will respond within the appropriate timeframes set out in this Policy document.

Any factored owner who has exhausted the formal complaints procedure and remains unsatisfied with the Co-operative's decision, has the right to a further appeal via the First-tier Tribunal for Scotland, Housing and Property Chamber (FTT).

Contact details for the Tribunal are provided to all factored owners by the Co-operative via the owners Written Statement of Service and within the Co-operative's Guide to using our Complaints Process.

We will record all complaints received and details of the actions required are taken and the outcome of any investigation are logged on the SDM Complaints Register. We will aim to use this information to improve our factoring service.

We will comply with any request for information from the First-tier Tribunal for Scotland Housing and Property Chamber (FTT), Scottish Public Services Ombudsman (SPSO) or the Scottish Housing Regulator (SHR) in respect of any complaint made to them.

18.0 DATA PROTECTION

The Co-operative will process information and data contained within the application in accordance with its policies and procedures relating to the General Data Protection Regulations.

Information regarding how data will be used and the basis for processing data is provided in the Co-operative's Fair Processing Notice.

19.0 EQUALITY AND DIVERSITY

The Co-operative is committed to providing fair and equal treatment to all customers including owners and will not discriminate against anyone on the grounds of age, disability, gender reassignment, pregnancy and maternity, race, religion and belief, sex (gender) sexual orientation or marriage and civil partnership.

This complying with the Co-operatives policies on Equality and Diversity.

21.0 POLICY REVIEW

This Policy will be reviewed every 3 years or in response to any change in legislation or recommendations made by the First-tier Tribunal for Scotland, Housing and Property Chamber (FTT), Scottish Public Services Ombudsman (SPSO) or the Scottish Housing Regulator (SHR).