



Factoring Policy

If you require this policy in a different format please ask a member of staff

Date of Approval March 2016

Review Date March 2019

1.0 The Association's Objective

1.1 Elderpark Housing Association's mission is to improve the quality of life for people of Greater Govan by providing high quality housing and associated services in a safe and secure environment.

1.2 The Association will comply with the standards set out in the Scottish Social Housing Charter, namely:

- **6 Neighbourhood and Community,**
Social landlords, working in partnership with other agencies, help to ensure that tenants and other customers live in well-maintained neighbourhoods where they feel safe.
- **13 Getting Good Value from Rents and Service Charges: Value for Money**
Social landlords manage all aspects of their businesses so that:
Tenants, owners and other customers receive services that provide continually improving value for the rent and other charges they pay.

1.3 Elderpark Housing Association will comply with the Property Factor (Scotland) Act 2011. This means that all residential property managers (Factors) will require to be registered, operate in accordance with the Code of Conduct and work to an industry standard.

2.0 Deed of Conditions - Factor

2.1 The Association will act as the factor where it owns the majority of properties within a tenement. Where the Association does not own the majority of properties within a block the terms of the tenement (Scotland) Act 2004 will be implemented and the views of the majority of owners sought to determine the Factor.

- 2.2 The role of the Factor is the agent appointed by property owners to:
- Enforce title deeds and other property management conditions
 - Manage communal areas
 - Maintain the physical environment
 - Raise and collect charges from owners for common repairs and services.

3.0 Written Statement

A Written Statement will be issued to each owner outlining the Association's obligations, as set out in the Property Factors (Scotland) Act. This statement outlines the Association's responsibilities as a Factor and the level of service provided by the Association.

4.0 Repairs

4.1 Common Day to Day Repairs

The Association shall carry out all common repairs of which it has been notified in the same timescale as defined in the Maintenance Policy which is in place for rented properties. The response times at present are:

| | |
|-----------------------|----------------|
| Emergency | 4 Hours |
| Urgent | 2 days |
| Routine common | 10 days |

The common parts of the property are outlined in the Deed of Conditions and include the roof, the close, the backcourt, common boundaries, and the tenemental structure.

Each owner will be charged a share as determined by their deed of conditions for common repairs provided that the cost of any ONE item does not exceed £500.00. This sum may be reviewed annually by the Association with the owner being notified in writing of any change.

If the anticipated cost of any item exceeds £500, works will be instructed only on the approval of the majority of the owners concerned, after a submission of an estimate by the Factor. (See Appendix IV for more details)

4.2 Cyclical Maintenance

The Association will carry out inspections of the common areas in tenemental properties in accordance with the Scottish Housing Quality Standards. This will produce a cyclical maintenance specification to ensure that the common areas are maintained to a good quality which will ensure sustainable housing. This be reviewed annually and the specification and anticipated costs issued to owners. This generally occurs in February of each year.

The information of annual costs will include services such as, gutter maintenance, City Council Stair Lighting Maintenance, close painting, close cleaning, back court maintenance, communal gardening, extractor fan maintenance and optional services such as servicing gas boilers.

If there are expensive structural repairs or improvement the owner can contribute to a cyclical maintenance fund. It is anticipated that this will help owners budget for repairs. Any monies accumulated by the owner, not required for the settlement of an account will be refunded upon sale of the property.

4.3 Emergency Common Repairs

In the event of an emergency where in the opinion of the Association, work is necessary for the safety/health of the occupiers and the public, or the integrity of the building, the Association reserves the right to authorise the required works, the cost of which will be apportioned and charged to each owner according to the previously agreed share. Should the anticipated cost of the emergency work exceed £500.00 owners will be notified as soon as practically possible what work has been instructed. The actual cost will appear in the next quarterly invoice.

For emergency common repairs out-with normal office hours, owners and sharing owners should use the Association's emergency repair call-out service. The contact details can be found on our website and in our Written Statement.

4.4 Non - Common Repairs

If requested, the Association will instruct non-common repairs provided the owner has a clear factoring account. The Association will pay for the invoice and recharge the owner /sharing owner up to the value of £250.00. To assist the owner in determining if they want the work carried out a quote will be provided to owners if the anticipated value of the work is between £100.00 and £250.00. The Association will include owners properties in planned maintenance work provided that the money due is paid upfront and there is no risk to the Association.

4.5 Sinking Fund - 1 Clynder Street Owners

Sharing owners and owners at 1 Clynder Street pay into a cyclical maintenance fund to cover the cost of replacing the lift. In accordance with the deed of conditions this income is held in trust by the Association, is identifiable in an interest bearing bank account and is not refundable

The Association will review the level of payments on an annual basis and shall, on request, issue a balance of the account together with the estimated expenditure. The specification for cyclical maintenance will be reviewed in accordance with the Scottish Housing Quality Standard Delivery Plan.

4.6 Appointment of Contractors.

Guidance on the rules and governance regarding appointing a contractor are detailed in the Association's policy the *Contractors Conditions of Contract*. A copy is available for inspection. In addition to the clauses within this contract the following rules apply:

- All contractors have public liability insurance.
- The Association receives no fee, commission or benefit from appointing a contractor.
- The Association has no financial or other interest with any appointed contractor.
- The Association will pursue the contractor or supplier to remedy any inadequate work or service.
- Documentations relating to any tendering process are available on request excluding any commercially sensitive information.

5.0 Insurance

At the settlement of purchase, the Association shall arrange buildings insurance cover (not contents although this is available separately) via its common block policy and recharge the appropriate premium on a quarterly basis.

No charges are levied to homeowners in relation to procuring or administrating insurance cover and the Association receives no fee, rebate or benefit from the company providing the insurance cover.

Insurance cover will be arranged from a reputable company and ensure that it represents good value for money. Insurance cover is procured via a tender process which is advertised in *Public Contracts Scotland*. A report and recommendation on this insurance tender is submitted to Committee for approval. This report is available on request. Any commercially sensitive information will be excluded from public view.

The insurance fee to homeowners is calculated by dividing the total premium by the number of properties covered in the block insurance.

The Association will issue a summary of the building insurance at renewal as part of the next quarterly invoice run. Information will be updated on our web site. Full details of the insurance cover are available for inspection on request at no charge. A charge of £10.00 will be applied if a paper copy is requested.

The reinstatement value of our property is based on an historic value which is updated by an annual percentage uplift based on RICS guidelines and agreed to with our insurance company. This covers the full reinstatement costs of our stock. Revaluations regarding reinstatement costs of part of our stock will be undertaken if dictated to by the banks as part of loan securities or as and when the Association determines it necessary. The Association is the majority contributor to our block insurance and as such will decide on our policy regarding revaluations. The concerns of owners will be taken into account regarding this matter. At present that Association has no plans to carry out any complete revaluation of the entire stock.

Our procedure for submitting insurance claims on behalf of customers is attached. This ensures that we liaise with the insurer to check that claims are dealt with properly and promptly. See Appendix 1

The cost of insurance for shared owners is included in the shared ownership rent. Where claims are made by shared owners, they will be responsible for the full policy excess applicable to the claim.

If the proprietor owns a house or flat and has the authority within the deed of conditions to opt out the Association's block insurance, they need to provide proof that they have adequate building insurance. The insurance needs to cover the full reinstatement value of the property.

The owner will be responsible for arranging adequate house contents insurance. This can be arranged through the scheme administered by the Scottish Federation of Housing Associations.

6.0 Management Fee

An annual management fee shall be charged by the Association to full owners in tenemental properties. This will be reviewed annually and the owners will be notified in writing beforehand of any change. It will be charged quarterly as part of the regular account. Details of the services which the management fee covers are detailed in Appendix 11.

A reduced management fee will be applied to houses as opposed to flatted accommodation. This will be determined by Committee on an annual basis.

Occupied shop or commercial premises, which, in the opinion of the Association, add value to the community, this excludes off licences, bookmakers and fast food outlets, will have their fee reduced to an equal share should the deed of conditions impose a higher rate. This addresses the high fees associated with a share of costs based on rateable value. This is on the assumption their account is up to date. In addition such occupied shops / commercial premises will not pay for certain improvement work as determined by the Association. The objective of reduced fees and liability is to help retain small business in the area and the shortfall in charges is picked up by the tenants in the area via the Association's subsidy.

7.0 Accounts

Fixed charges for cyclical maintenance, the management fee and insurance premium will be review annually and adjusted to reflect actual costs.

Timely and accurate accounts will be issued to owners quarterly and should be paid within 14 days of receipt.

Owners will be offered a variety of payment methods. These will include cheques, All pay swipe cards, credit/debit cards and direct debits.

8.0 Debt Recovery

Elderpark Housing Association will have detailed procedures for recovering arrears. Owners in arrears will be advised and vigorous action for arrears recovery will be taken. This will include seeking an immediate payment to clear arrears, or reaching an agreement with the owner for repayment of the debt over a period of months.

Owners will have access to same welfare rights service as Elderpark Housing Association tenants. Advice will assist owners / sharing owners to maximize their income and/or meeting their liabilities.

Failure to pay will result in debt recovery action via the courts. Prior to enforcing a court decree for payment staff need to have obtained Committee approval. Staff will have regard to and discuss appropriate diligences with the solicitor, including the Debt Arrangement & Attachment (Scotland) Act 2002, Small Claims Action for debt under £3,000.00, Summary Court Action for Debt in excess of £3,000.00 but under £5000.00 and bankruptcy action. The cost of such legal action will be charged to the owner. The Association will adopt procedures to take account of the new diligences arising from changes in legislation.

The Association will add reasonable costs accrued in debt recovery on to the non-payers. This will be detailed in our debt recovery procedures. .

The Association will consider making use of Glasgow City Council's missing share protocol. This relates to Glasgow City Council paying for missing shares for maintenance work to properties with shared communal areas.

9.0 Information to Owners

The Association recognises the importance of giving owners and potential owners information on the anticipated costs of maintaining the common areas of their

tenement and on their maintenance responsibilities in accordance with their deed of conditions. To assist in this process we will provide the following information. The Association will endeavour to communicate effectively with owners and overcome any barriers, subject to budgetary constraints.

9.1 Pre - Purchase

Tenants who have expressed an interesting in exercising their right to buy and potential new purchasers will be provided with information on the cost of maintaining the common areas.

A new owner's pack will include (subject to variation):

- Written Statement
- Details of the block insurance
- Leaflet on How to pay your rent and factoring fees
- Direct debit mandate
- Leaflet on the estate management service
- SFHA household content insurance

9.2 Ongoing Information Provision

Our quarterly newsletter may include a section which covers any factoring service, if relevant. This will include plans for future works, an update on current work, and any relevant changes to our policies.

The Association will aim to acknowledge /respond to written queries and emails within 5 days. Should the query require investigation a full response will be made within 14 days.

Where there is a demand the Association will hold a meeting annually to consult on the factoring fee, advise on the insurance premium, if available, for the coming year and obtain feedback on the service. The notification of the meeting will also be used to issue a postal survey regarding the Scottish Social Housing Charter Outcome, *"Taking everything into account how satisfied or dissatisfied are you with the factoring services provided by Elderpark Housing Association?"* This matter will be assessed again at the meeting.

The methodology adopted to carry out this survey will take account of guidance by the regulator and the views of owners. Costs of carrying out the survey maybe passed onto to owners.

9.3 Invoices

- The quarterly invoices provide a financial breakdown of the charges made and a description of the works carried out which are charged for.
- Provide statements of account to owners on request.
- Issue a final account to all outgoing owners.
- Provide back-up invoices or contract specifications for common works instructed on request.

9.4 Owner's Consultation and Involvement

Owners are involved at all levels in the decision making process from responding to surveys to membership of the Management Committee.

9.5 Cyclical Maintenance

See point 4.2 regarding cyclical maintenance. Information is provided each year to the owners affected.

10.0 Changes in Ownership / Termination of Agreement

The owner shall notify the Association of any change in ownership.

The Association will make available to the owner all financial information that relates to their account. This information will be made available within 3 months of the termination of the arrangement. This may not be possible if the Association is awaiting final bills for contracts which were in place for works or services.

Any balances due/owned will be paid/refunded at the date of settlement.

11.0 Complaints

If an owner has a complaint regarding the service or if the factor has failed to comply with the code of conduct as set out in the Property Factors (Scotland) Act 2011, the owner can seek redress through our in-house complaints procedures. Staff will provide owners with a copy of the complaints procedure and advice on how to make a complaint, if necessary.

If the in-house complaint procedure has been exhausted, the owner will be given advice on how to make an application to the homeowner housing panel for a determination regarding this complaint.

12.0 Report to Committee

Staff will report to the Committee on an annual basis regarding the factoring service. The report will detail.

- The amount collected
- The arrears outstanding.
- The amount of unbilled factoring charges at the end of the year.
- The number of owners who pay into a sinking fund.
- Legal action taken to recover factoring charges.
- Complaints from owners.

13.0 Policy Review

A full policy review will be carried out prior to March 2019.

Appendix 1

Procedure for Submitting Insurance Claims

1 Insurance incidents of accidental, malicious and extreme weather condition damage to buildings are claimed to comply with the current building insurance policy. See summary of cover under building policy currently arranged by the Association's insurer's corporate risks.

2 The Association would encourage owners to notify the Maintenance Section at Elderpark Housing Association, Telephone 0141 440 0566 to make an insurance claim. The Maintenance section will notify the insurance company on their behalf. All claims have to be notified to the Associations insurer within a 60 day period. Only damages over the value of the excess will be claimed. The excess is currently £100.00 and £1,000.00 for subsidence remedial work.

3. Normally insurance claims made by owner occupiers will be settled within a 30 day period. If this is not the case the Association will query the delay on the owner's behalf and monitor the process until payment has been made. The excess will be recharged to the owner(s).

4 Claims made for void properties exclude loss or damage to properties unoccupied for 90 consecutive days or more. No claims unless the empty procedures are full adhered to.

5 If the claim is likely to exceed £4,000 the claim must be notified immediately to comply with the insurance company policy. A Loss Adjuster may then be appointed.

6 The claim is recorded on the insurance data file detailing the following:

- a) Claim reference number
- b) Date damage reported
- c) Date reported to police (if applicable) including crime reference number.
- d) Address where damage occurred
- e) Description of damage
- f) Amount of claim
- g) Date claim sent and amount paid (Finance Section)

7 The claim can only be completed when the contractor's invoice has been processed and then a copy is attached to the final claim form.

8 Insurance cover and premiums will be reviewed annually and will comply with current tender procedures.

9 All claims are monitored and subject to a Management Committee control report.

NB See Maintenance Contractors Conditions of Contract 3a) and b) regarding Public and Employers Liability Insurance.

Appendix 11

Management Fee - Covers

- New development set up, such as IT, share of costs and deed of conditions
- Identifying all work required to common areas by quarterly site visits by the Estate Management Inspector to all flatted accommodation and estates.
- Instructing works covering landscaping, day to day repairs, cyclical maintenance and major improvement work
- Liaison with owners over their adherence to clauses in the deed of conditions
- Dealing with nuisance complaints from owners and about owners and their tenants
- Tendering for contracts and monitoring that contracts are carried out satisfactorily
- Dealing with specific queries from residents about the nature or standard of works and their accounts. This includes providing copies of invoices (however charges can be made if an owner makes repeated requests)
- Processing payments of works and contractors invoices including a share for consultation fees
- Issuing quarterly invoices
- Collecting and accounting for payments.
- Debt collection action against non-payers or late payers, including letter, phone call, home visits.
- Apportioning charges on sale and correspondence with solicitors
- Offering owners money advice from independent and qualified welfare rights officers
- Arranging building insurance cover. Liaison with insurance companies regarding any claims and overseeing remedial work
- Producing leaflets, written statements and quarterly newsletter and holding an annual meeting
- Inspecting, processing, and billing non common repairs to individual owners up to a value of £250.00 (provided their account is up to date)

Appendix 111

Obtaining Quotations and Instructing Work

For minor works under the threshold limit of £500.00, the policy of the Association is to instruct work and recover the costs from owners without consultation.

In cases of emergency whereby the safety of the building or residents are concerned the Association can instruct works above the £500.00 threshold.

The procedure for obtaining quotations and instructing work is that should the anticipated costs exceed £500.00 but are less than £1,000.00 two quotations will be obtained. If the cost exceeds £1,000.00 the Association will obtain three quotations.

These quotations will be forwarded to the owners together with a mandate seeking consent to proceed with the works. Work will **only** proceed should the majority of owners consent to the repair work by returning a signed mandate. Owners will be advised of the outcome of the consultation process. If authority cannot be obtained, the work will not generally be carried out.

This voting system will be used where the Association **does not have the majority sharing** of votes in a building. Where the Association does have the majority shareholding work will proceed on the basis of whether the work will protect the property. In these circumstances the owner will still obtain information regarding the quotations.