



PROPERTY FACTORING POLICY

Date of Implementation: March 2021

Date Approved: 25 March 2021

Approved by: IHA Board

Policy Owner: Heather Anderson

Lead Officer: Heather Anderson

Applicable to: IHA Staff and Factored owners

In consultation with: Legal Services, Factored Owners, Rent and Service Charge Team.

Associated Documents: Written Statement of Services

1.0 Introduction

The requirement for Irvine Housing Association (“the Association”) to have a robust property factoring policy, arises from the increasing number of mixed-tenure developments, where the Association retains responsibility for the management, maintenance and repair of common areas of shared facilities and amenities. Examples of common areas, shared facilities and amenities include, without limitation, external walls and roofs of flatted developments, entrance foyers, communal landscaped areas and playgrounds.

The Head of Service Delivery retains overall responsibility for the delivery of an efficient and effective factoring service, with specific functioning being devolved to the relevant post-holders within the Association.

In the event of a conflict or inconsistency between this Policy and any Title Deeds or Deeds of Condition relative to a particular property or properties, the relevant Title Deeds or Deeds of Condition shall take precedence over the terms of this Policy.

2.0 Policy Objectives

The Factoring Policy has several clear objectives, affecting both internal and external stakeholders.

These objectives are outlined as follows:

2.1 Financial Management

In order to exercise prudent financial management, the Association will, where cost effective or deemed appropriate to do so, seek to recover all sums due from the owners of privately owned properties. The introduction of a successful factoring service will reduce the financial burden experienced by the Association in maintaining communal areas.

2.2 Legal & Regulatory Compliance

Property Title Deeds and Deeds of Conditions relative to individual estates, will outline the process for the factoring of common areas and shared facilities.

The [Property Factors \(Scotland\) Act 2011](#) aims to protect homeowners by providing minimum standards for property factors. All provisions of the Act came into force on 1 October 2012 and apply to all residential property and land managers whether they are private sector businesses, local authorities or housing associations.

The Act has three main elements:

1. A [compulsory register](#) of all property factors operating in Scotland

2. A [code of conduct](#) that sets out minimum standards of practice with which all registered property factors must comply.
3. A new route for redress:
<https://www.housingandpropertychamber.scot/> - the First Tier Tribunal for Scotland Housing and Property Chamber. Homeowners will be able to apply to the Tribunal if they believe that their factor has failed to comply with the code of conduct or otherwise failed to carry out their factoring duties.

The **Scottish Government's Social Housing Charter** came into force in April 2012. The Charter sets out the standards and outcomes that owners can expect from the property management services they receive from social landlords.

2.3 Customer Service

By actively encouraging input and feedback from all customers, it is anticipated that this will assist the Association in increased levels of service delivery satisfaction.

2.4 Life Cycle Maintenance

By recovering sums due from property owners, the Association will be able to maintain common areas and shared facilities in a pro-active manner, ensuring their continued future use.

3.0 Core Factoring Services To Be Provided

The obligation of our factoring services will be laid out in the Title Deeds or Deeds of Condition attached to the ownership of each home. Although the services provided will vary on each development, the anticipated scope of factoring services is likely to include:

- Arrange and administer the maintenance of any communal and amenity areas.
- Organise and administer day-to-day items of common repair and maintenance, for which owners are jointly responsible.
- Enter into contracts on behalf of the owners for the supply of goods and services.
- Where the Deeds require a common building insurance policy to be in effect, the Association will be responsible for sourcing the appropriate cover and administering the policy. In addition to the requirements for building insurance,

it may be necessary to insure common areas such as shared car parking or landscaped areas.

- Handle correspondence and enquiries from individual owners, or their solicitors, in relation to matters arising from the day-to-day management of the development.
- Identification and implementation of planned works schedules required throughout the lifecycle of the development (eg. gutter cleaning and common area painting work).
- Meet contractors, representatives from insurance companies and local authorities.
- Correctly apportion, recharge and provide regular budgetary information to owners, on all costs associated with the management of the development's communal services.

4.0 Works Out-with Core Services

4.1 Improvement Works

The Association may carry out improvement works outwith the core services detailed above, if these are requested and agreed by all owners within the factored area. The cost of such works will be notified to all owners prior to the works taking place and divided accordingly as per individual owner Title Deeds. Irvine

Housing Association will consult with homeowners and seek their individual agreement where individual bills for a specific project are estimated to be in excess of £150. It may be necessary under some circumstances to collect costs in advance to ensure a project can go ahead. Alternatively costs may be invoiced at set stages throughout the contract. This would be agreed with homeowners before any work commences.

4.2 Essential Health and Safety and Urgent Works

If essential Health and Safety or urgent repair works are required, Irvine Housing Association will endeavour to seek agreement from owners and consult with them prior to the works taking place. However, in some circumstances there may be insufficient time to consult fully with owners due to the urgent nature of the repair/works. In these situations the Association will arrange for these works to be carried out and will provide owners with the detail and cost of the works, individual recharge amounts, and why it was deemed urgent or essential, retrospectively in writing.

4.3 Planned and Cyclical Maintenance

The Association has in place cyclical planned maintenance programmes to ensure continued investment in our housing stock. These programmes may apply to communal works within our mixed tenure flatted developments, such as security door

replacement or communal door, roof, and window renewal. The Association is required to carry out these maintenance programmes to ensure our housing stock complies with Scottish Government standards, such as the Scottish Housing Quality Standard. In these cases, all owners within the block will be notified of the detail and proposed costs in writing prior to the works taking place. An individual owner's contribution to these works will reflect their individual property Title Deeds. If responsibilities are not set out in Title Deeds, the Association will refer to the Tenement (Scotland) Act 2004, and associated Tenement Management Scheme, which sets out that common repairs and maintenance works can progress if the majority of owners within the block give consent. In cases where the majority owner is the Association, we will ensure that costs to owners are minimised as far as possible, and that owners are notified of the details and costs of the works and provided with evidence of best value.

4.4 Quality of Works

In carrying out their obligations as factors, the Association is dedicated to operating the service using reasonable skill and care.

The Association retains a comprehensive list of preferred contractors, capable of carrying out a variety of trades. This list is tendered on a regular basis in accordance with the Association's Procurement Policy to ensure value for money is achieved, for the Association and the owners of the occupied properties. Contractors' performance is regularly monitored by the Association's maintenance staff to ensure that the quality of work is of a high standard and represents value for money. A list of contractors is available for inspection at the Association's offices.

All common areas and shared facilities will formally be inspected on a regular and agreed basis by the Association's staff and its representatives . By undertaking a programme of inspections, it will be possible to identify maintenance issues and monitor the delivery of the services being provided. The programme may be updated when inspection reveals a more rapid deterioration or it may be deferred should the fabric or component be wearing better than expected.

5.0 Recovery of Costs

Invoices and budget information will be issued to owners in accordance with the terms of the relevant Title Deeds and / or Deeds of Condition. The information provided to owners, will typically detail costs incurred/to be incurred under the following headings:

1. Buildings insurance premium.
2. Common landscaping maintenance.
3. Common area cleaning.
4. Communal area electricity and lighting costs.
5. One off repairs.
6. Factoring fee.
7. Any other outlays incurred by the Association on behalf of the owners.

A management fee will be charged for the provision of the factoring service, e.g.

1. staff time in inspecting and organising repairs, tendering, writing to owners, calling and attending meetings and maintaining adequate records.
2. administering the common buildings insurance policy, making claims, etc.
3. printing, postage and delivery of letters and newsletters.
4. Issuing invoices, maintaining accounts, monitoring and recovery of arrears.
5. liaising with solicitors in sales and re-sales and providing relevant information.
6. advertising for, maintaining and monitoring an approved contractors list

The Association will annually assess the costs of the management fee to ensure that the charges cover the expenditure incurred.

Invoices will be issued quarterly in July, October, January and April and prompt payment will be expected. However, in cases of genuine difficulty, or where the cost incurred is fairly substantial, the Association may authorise payment arrangements to suit individual circumstances.

The Association will offer various methods of paying factoring charges to suit individual preference, e.g., direct debit, cheque, standing order, debit card or allpay card. Owners may also pay more frequently than quarterly if they prefer.

All charges raised will be fully transparent. Should any owner be dissatisfied with the level of transparency demonstrated, further reasonable cost information may be requested from the Association.

Owners' liability in respect of the costs of common repairs and maintenance work will be determined in accordance with the terms of individual Title Deeds or Deeds of Condition. Should owners fail to meet their financial responsibilities, not only can it affect the progress of repairs, it can ultimately place an additional financial burden on neighbouring owners. Hence, the Association will actively pursue outstanding debts in a vigorous manner and will progress legal action where required.

Costs will be recharged on a pro-rata basis to all properties liable to pay a share of the upkeep, e.g. grass cutting, delittering and general maintenance of common areas. The cost of the electrical supply for common services, e.g. stair-lighting will be recovered at cost on a pro-rata basis. This will apply to other common services such as, close-cleaning, controlled door entry systems, etc.

The Association will at all times seek to ensure that arrears are minimised and that outstanding debts are recovered. Accounts that remain unpaid may be subject to an additional recovery fee plus any legal fees incurred in recovering the debt.

From time-to-time it might be necessary to collect payment in advance of certain work being undertaken. In such instances, the Association will consult with the owners prior to instructing the work.

6.0 Insurance

Where the Title Deeds or Deeds of Conditions so require, the Association will arrange adequate buildings insurance to cover the reinstatement or repair of the common parts forming part of the building, including site clearance charges and professional fees, in the event of fire, storm, flood or other insured perils. Cover will be arranged via a major insurance company, on terms which demonstrate best value in the Association's insurance tender exercises carried out from time to time and which will enable owners to benefit from economies of scale.

7.0 Change of Ownership

In the event of the property being sold, it is the owners responsibility to advise the factor of this. The seller's solicitor is legally obliged to provide contact details for the new owner and will generally liaise with the Association in reconciling the account.

8.0 Complaints Procedures

The Association undertake to deal with any complaint received, in a professional and timely manner and in keeping with the Association's complaints procedure.

By maintaining clear channels of communications, it is the intention of the Association to ensure that all matters of concern are addressed at the earliest possible opportunity.

Any owner wishing to make a complaint regarding any aspect of the factoring service will be provided with a copy of the Association's complaints procedure.

If any complaint remains unresolved the homeowner can take their claim to the The First Tier Tribunal for Scotland . This is a new resolution route which will look at any disputes an owner may have. Before making an application to the Tribunal, homeowners must first notify their factor in writing and allow the factor an opportunity to resolve the matter.

9.0 Policy Review and Consultation

The Association will review the Factoring Policy on a regular basis and in response to new legislation, operational or organisational changes or industry best practice, which may affect content.