



## **FACTORING POLICY 2016**

### **1.0 INTRODUCTION**

This Policy sets out the scope of and arrangements for the Association's Factoring Service. Ochil View is a Registered Property Factor within the Property Factors Scotland Act 2011 and our Registration Number is PF000367.

### **2.0 FACTORING DEFINITION**

The Property Factors (Scotland) Act 2011 defines a Property Factor as:  
*a local authority or housing association which manages the common parts of land used to any extent for residential purposes and owned*

*(I) by two or more other persons, or*

*(ii) by the local authority or housing association and one or more other person and a local authority or housing association which manages or maintains land which is available for use by*

*(i) the owners of any two or more adjoining or neighbouring residential properties, or*

*(ii) the local authority or housing association and the owners of any one or more such properties, but only where the owners of those properties are required by the terms of the title deeds relating to the properties to pay for the cost of the management or maintenance of that land.*

### **3.0 REGULATORY AND LEGISLATIVE FRAMEWORK**

This Policy has been developed to recognise and meet the Association's obligations with respect to:

#### **3.1 The Property Factors (Scotland) Act 2011**

In accordance with the above Act, the Association will:

- ✓ Maintain a registration as a Property Factor with the Scottish Government
- ✓ Submit Annual Returns to the Scottish Government and amend the Register of Factored properties and land in Scotland as appropriate
- ✓ Manage properties and land in accordance with the Code of Conduct for Property Factors

#### **3.2 The Scottish Social Housing Charter**

##### **1: Equalities**

Social landlords perform all aspects of their housing services so that: 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.

## 2: Communication

Social landlords manage their businesses 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 provide

## 3: Participation

Social landlords manage their businesses so that: tenants and other customers find it easy to participate in and influence their landlord's decisions at a level they feel comfortable with.

## 6: Estate management, anti-social behaviour, neighbour nuisance and tenancy disputes.

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: 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.

## 14 and 15: Rents and service charges

Social landlords set rents and service charges in consultation with their tenants and other customers so that a balance is struck between the level of services provided the cost of the services, and how far current and prospective tenants and other customers can afford them.

### **3.3 Other Relevant Legislation**

- ✓ The Guide to the Abolition of Feudal Tenure (Scotland) Act 2000
- ✓ The Title Conditions (Scotland) Act 2003

### **4.0 OTHER GUIDING DOCUMENTS**

#### **4.1 Relevant Corporate Objectives:**

- ✓ To provide a comprehensive and responsive customer service to the Association's tenants, sharing and factored owners (SO1)
- ✓ To actively promote and support resident participation in the development, management and maintenance of their homes (SO3)
- ✓ To ensure the Association satisfies all health, safety and environmental requirements and legislation (SO7)

#### **4.2 Relevant Departmental and Operational objectives**

- ✓ To provide a range of quality housing and maintenance services to tenants and other customers (CS1)
- ✓ To ensure tenant participation and communication elements of the Social Housing Charter are achieved (CS2)
- ✓ To participate positively in the creation and maintenance of balanced, sustainable communities (CS3)

- ✓ To achieve consistently high levels of customer satisfaction from the delivery of services (CS4)
- ✓ To maximise the level of income generated by our housing stock and minimise rent arrears by sensitive and supportive interventions with tenants (CS6)
- ✓ To provide a quality factoring service to owner occupiers (in accordance with the Property Factors Act 2011)(STO1)
- ✓ To incorporate (where appropriate) the views of owner-occupiers in the delivery of services which affect them either directly or indirectly (STO3)
- ✓ To ensure that the Associations resources are used efficiently (FM2)
- ✓ To ensure adequate opportunity exists for tenant and resident participation in the Association's decision making process (GA2)
- ✓ To ensure that there are no breaches of H&S legislation (HSE3)

#### 4.3 The Deed of Conditions

Wherever possible, for example at the creation of a new Title Document, the Association will be appointed as Factor and the Title Document will specify:

- ✓ The owner's responsibility for the management, maintenance and repair of Block Common Parts (being those Parts that are shared within a block or blocks of properties) and Development Common Parts ( being this parts which are shared by the Development as a whole)
- ✓ How decisions should be made
- ✓ How costs should be apportioned between owners
- ✓ The arrangements for paying for maintenance and repair

#### 4.4 The Code of Conduct and the Written Statement of Service

The Model Code of Conduct is set out in Section 14 of the Property Factors Scotland Act 2011 and the Association complies with the Code of Conduct by providing a Written Statement of Service to all owners who receive Factoring Services and which includes information about:

- ✓ The Association and our contact details
- ✓ Our Property Factors Registration number
- ✓ A general description of our Factoring Service
- ✓ Our Authority to act as factor
- ✓ The Core Factoring Services we provide
- ✓ The additional services we can provide and the costs incurred thereby
- ✓ Arrangements for obtaining owner's consent for the instruction of work
- ✓ Financial and charging arrangements including the Factoring Deposit, the Management Fee, Repairs and maintenance costs as apportioned by the Deed of Conditions
- ✓ The Renewals Fund
- ✓ Insurance arrangements including extent of cover and insured perils
- ✓ Debt Recovery arrangements
- ✓ Communication arrangements
- ✓ Dispute Resolution, including how to contact the Homeowner Housing Panel
- ✓ Any interest held by the Association in Block Common Parts or Development Common Parts
- ✓ Data Protection details
- ✓ How to end the Factoring Service
- ✓ What to do if an owner sells their home
- ✓ Related and relevant Association Policies

The Association will review and where necessary, amend the Written Statement of Service.

## **5.0 THE AIMS OF OUR FACTORING SERVICE**

### **5.1 The Association aims to:**

- ✓ provide a comprehensive and responsive property management service to home owners and sharing owners.
- ✓ ensure that areas of common property are well maintained for the benefit of all owners.
- ✓ be of good quality, efficient and effective
- ✓ fully recover the costs of provision
- ✓ Define the duties and responsibilities of Ochil View and owners receiving Factoring Services in the Written Statement of Service and the Factoring Agreement
- ✓ Provide clear information to owners about the Factoring Service
- ✓ Encourage owners to participate in the Factoring process and in decisions that affect their property
- ✓ Offer owners the opportunity to participate in major works programmes co-ordinated by Ochil View.

### **5.2 The Association will provide a Factoring Service where:**

- ✓ We are appointed by the Title Documents as Factor
- ✓ Where a majority of owners (which may include Ochil View as an owner) vote to appoint Ochil View as Factor.

### **5.3 Provision of a Factoring Service is ancillary to our primary objective of providing homes for affordable rent. The Association will not provide a service where it has no ownership involvement and will, where it is possible to separate Development Common Parts into those in which the Association has an interest and those in which it has no interest, encourage owners to self-factor or seek an alternative Factor for those Parts in which the Association has no interest**

### **5.4 Factoring Service for Owners of Flatted Property**

Where a service is provided to owners of flatted property, it will include the following core services:

- ✓ Arrangement and annual renewal of a block Common Policy of Buildings Insurance
- ✓ Administration of services, including arranging and managing the maintenance and repair of the Block Common Parts and Development Common Parts, convening owners meetings, invoicing the costs incurred and monitoring the quality of service provided
- ✓ Arranging repair where the need for repair arises through an Insured Peril

### **5.5 Service to House Owners**

Where a service is provided to owners of houses it will be limited to the following:

- ✓ maintenance of Development Common Parts including shared water supply and drainage pipes that are not maintained by Scottish Water

**5.6** Where a property is owned on Shared Ownership terms, we will insure shared ownership properties whether these are flats or houses and our authority to do so is set out within the Shared Ownership Minute of Agreement

**5.7** The Association will provide additional services to houses and flats where all owners who will receive the service meet the costs of provision in full and sign a mandate agreeing to the provision of the service, and where required to do so by the Association, pay the costs in advance

## **6.0 FACTOR'S RESPONSIBILITIES**

**6.1** The Association's Factoring Service will include:

### **6.2 Inspections**

The Association (or consultants acting on our behalf) will undertake inspections of common property on a regular basis in order to determine the condition of property in relation to the proposed cyclical and planned maintenance programme. Reports will be made available for inspection to owners upon request. The maintenance programme may be revised following Inspection Reports.

In relation to reactive repairs to common parts, pre-inspections will be carried out as required in order to accurately determine the work that is necessary to complete a repair. Repairs will be selected for inspection in accordance with the Association's separate procedures on this point.

### **6.3 Monitoring Works**

Arranging and overseeing the maintenance, repair, renewal and authorised improvements to development and block common parts.

### **6.4 Cyclical and Planned Maintenance**

Undertaking a programme of cyclical and planned maintenance which will reflect and be informed by the inspection programme

### **6.5 Authority to Carry Out Works in Excess of Factors Delegated Authority**

Obtaining authority from owners to carry out works in excess of the Factor's delegated authority

### **6.6 Renewals Fund**

Holding, accounting for and where necessary authorising expenditure from the Renewals Fund. The Renewals Fund is used to meet the costs of cyclical and planned renewals of Block Common Parts and Development Common Parts.

### **6.7 Provision of Information**

- ✓ Providing owners with information about the factoring service.
- ✓ Providing comprehensive and clear financial information which provides details on repairs and associated expenditure and accounts to owners at least every 6 months.
- ✓ Convening meetings of owners as necessary or as requested by owners.
- ✓ Convening annual owners meetings in each development

- ✓ Updating our website and Facebook page with information of interest and relevance to owners
- ✓ Issuing newsletters with relevant content to owners
- ✓ Providing more and better information to owners to allow for better understanding of future maintenance plans and increased transparency on charges.
- ✓ Providing feedback and results from Customer Satisfaction Surveys

## **6.8** Insurance

We will insure relevant properties for full replacement value including site clearance charges and professional fees. Cover will include fire and flood and will be provided by a major insurance company at a competitive cost for the appropriate level of cover. Insurance will cover the prescribed risks which are set out in the Tenements (Scotland) Act 2004 (Prescribed Risks) Order 2007. Where set out in the Written Statement of Service and Factoring Agreement, owners are required to participate in this insurance scheme and therefore have no need to purchase their own building insurance. The cost of this insurance is included in the Management Fee. The householders of any properties insured by the Association may receive a copy of the insurance cover on request. Owners should arrange their own Contents Insurance and the Association can provide information about suitable Policies, on request.

## **6.9** Administration of Insurance Claims

The Association will administer insurance claims arising from an Insured Peril. Administration includes specification of repairs, liaison with insurers and loss adjusters, procurement of a repairs contractor, monitoring of work in progress, settling the contractors account and collecting any excess due from owners.

## **6.10** Property Sales and changes of Ownership

Where a property that is within the Association's factoring service is sold or offered for sale the Association will:

- ✓ Provide information to prospective purchasers on the scope and costs of the Association's Factoring service
- ✓ Identify, and provide an estimate of costs for works of maintenance and repair affecting that property within the current budget period
- ✓ Identify works of maintenance and repair that the property is likely to require in the next 12 months
- ✓ Apportion costs between current and future owners, and refund any sums due to the outgoing owner when all charges and payments have been received. Payments to the Renewals Fund are non-refundable.
- ✓ Require the payment of a Factoring deposit from the incoming owner at the level provided for in the Title Documents
- ✓ Provide a copy of the Factoring Agreement at the date of entry

## **7.0** GENERAL MANAGEMENT AND ADMINISTRATION

**7.1** To provide an effective management and administration service to owners, the Association will:

- ✓ Maintain records in respect of each block of flats and individual dwellings
- ✓ Record the cost of repairs and other charges for the common parts of the block and the development
- ✓ Apportion the charges for repairs, cyclical maintenance and other services

- ✓ Issue accounts to owners and pursue payment for sums of money due to the Association
- ✓ Deal with enquiries relating to management arrangements and accounts which are issued
- ✓ Advise and consult as appropriate with owners over major repairs, cyclical maintenance and planned maintenance

## **7.2 Responsibility & Coordination**

The Head of Customer Services will submit an annual report on the provision of factoring services to the Customer Services Committee

The Head of Customer Services has the primary responsibility for the factoring service within the Association. However, in exercising this responsibility, the Head of Customer Services will delegate day to day responsibility to the Assistant Technical Services Manager and will liaise with the Finance and Corporate Services Manager

## **8.0 FACTORING SERVICE AND STANDARDS**

**8.1** Contractors from the Association's approved list will carry out repairs and maintenance.

**8.2** The primary responsibility for reporting repairs lies with owners. The Association may identify repairs by inspection.

Repairs will be categorised and given the following response time:

- ✓ Emergency – 4 hours
- ✓ Urgent – 24 hours
- ✓ Routine – 10 working days

**8.3** Repairs/maintenance costing less than the Factor's delegated level of financial authority per property will be instructed without reference to the owners and will be paid for by using the Factoring Deposit held by the Association that have been paid by owners. The Association will invoice the owners at the six-monthly invoicing period for an amount identical to the cost of repairs in order to maintain the level of Factoring Deposit held.

**8.4** Each Development will have a level of financial authority delegated to the Factor to proceed with works of repair without the express approval of owners. This threshold will vary between developments and can only usually be changed with the unanimous authority of owners. The Association will operate within the various development thresholds and seek additional authority from owners where it is necessary to do so.

**8.5** Repairs or maintenance that exceeds the development threshold will be subject to the Association obtaining three competitive quotations. The owners will then be notified in writing of the nature of the work and the total costs etc. A meeting of the Association and the owners will be held to discuss the quotations and obtain authority for the works to proceed. Each owner will be bound to pay their share of the costs of any such repairs (including the Association's administration costs) prior to such repairs being instructed. The Association may, at its discretion and if there is a good reason to do so, instruct work under certain conditions and pursue reimbursement. A good reason would be, for example, where there is a need to act to protect Health and

Safety, prevent the deterioration of the property or protect the interest of the Association and tenants.

- 8.6** The Association, its authorised representatives and contractors will have right of access to the whole property including individual houses where this is required for inspection; or to effect a repair to common parts or services; or to prevent damage to the property or a neighbouring property. Except in emergencies, three days' notice will normally be given.
- 8.7** Emergencies are defined as circumstances or situations which are considered dangerous or seriously detrimental to the safety of the property or persons. Emergency repairs, which arise within office hours, should be reported immediately to the Association. Those arising out with office hours should be notified to the Association's approved out of hour's contractors, contact details being provided on the Association's office number answering machine. The Association reserves the right to instruct emergency work without recourse to the owners. However, the Association will notify the owners within seven days of the repairs being carried out and the charges will be included with their next invoice.
- 8.8** Owners may request that the Association carries out additional services, including works. The Association may agree to instruct the works and may obtain competitive quotations (unless in the case of an emergency) and submit these to the owners for approval. The consent of all owners is required before new services can be implemented.
- 8.9** Contractors shall be appointed by the Association as set out in the Association's Corporate Procurement Policy. The Association appoints contractors on the basis of their ability to provide a value for money repairs service and receives no fees or commission from contractors.
- 8.10** Owners will have the same opportunity to comment on the Association's reactive maintenance service as tenants e.g. through the issue of "comment cards".
- 8.11** We will work with local authorities to tackle dog fouling through notices, education and signage
- 8.12** We will develop a Hit List of gutters that require more frequent cleaning, such as those that are under trees
- 8.13** We will publish details of our annual investment plan, and indicate investment proposals for years beyond the current financial year, including investment which owners may participate in
- 8.14** We will ensure, through inspection, that our contractors complete landscape maintenance, and stair and window cleaning as specified and that these services continue to deliver good value for money
- 8.15** We will publish a list of office closures in advance in our newsletters and send text messages 48 hours before each closing. Additional closing days will be added only in exceptional circumstances
- 8.16** The Association will publish quarterly newsletters, with each one including a local information sheet which will be sent to owners

## **9.0 FINANCIAL ADMINISTRATION OF SERVICES AND WORKS**

**9.1** Invoices will be issued twice yearly and will comprise the following: -

- ✓ The Association's Management Fee (including Insurance premium)
- ✓ Repairs and Maintenance costs including applicable Service Charges e.g. Lighting, Landscape Maintenance, Close Cleaning
- ✓ Contributions to the Renewals fund
- ✓ Sums due in respect of additional services and not paid for in advance

Where owners are invoiced for repairs and maintenance costs, we will provide a schedule and copy invoices detailing repairs carried out during the period. Where owners are invoiced for service charges, we will provide a schedule and copy invoices for costs incurred.

Repair costs will be apportioned according to the share shown in the Deed of Conditions and Statement of Service.

Accounts from contractors will be available for inspection at the Association's offices following the issue of invoices. Copy Accounts will also be available on the Association's website.

### **9.2 Renewals Fund**

The Association wishes to encourage owners to make financial provision for the future maintenance of their homes and will therefore encourage owners who receive a factoring service to accrue a fund which will be used to cover major repairs, improvements, planned and cyclical maintenance. The contributions requested will be set at £120 per annum and may be revised from time to time to take account of increases in works cost. Annual statements in respect of their contributions to the fund will be provided to contributors. Money paid into the fund will be non-refundable; savings on contracts will be returned to the fund and funds, including contingency funds, will not be returned to owners following sales.

### **9.3 Payment of Account**

Accounts will fall due for payment within 28 days of issue.

The Association will pursue all legal methods to recover sums lawfully due including:

- ✓ Referral of unpaid sums to Debt Collection service
- ✓ Notice of Potential Liability
- ✓ Decree for payment
- ✓ Inhibition on sale
- ✓ Sequestration

The Association will decide which, if any, legal approach offers the best possibility of securing a successful and efficient outcome.

### **9.4 Calculation of Costs**

Owners may request that the Association carry out works in addition to the Core Services described in the Statement of Service and we will do so where owners agree to the additional service and agree in writing to meet the costs including:

- ✓ Any applicable fees, charges and outlays
- ✓ An allowance of 5% to cover the Association's administrative costs.
- ✓ A contingency sum of 10% of works costs

Costs must be paid in full in advance of the commencement of works. Where actual costs incurred are in excess of the amount paid, the difference shall be recovered with the next half-yearly invoice.

Where costs incurred are less than the amount paid, the amount paid in excess will be assigned to the next half- yearly account of charges and the net sum due to the Association will be invoiced.

- 9.5 Where it is proposed to increase charges to owners, we will consult affected owners prior to making any increase.

## 10.0 **ALTERING AND TERMINATING THE FACTORING SERVICE**

The Association will wish to remain as Factor of property in which it has an interest in all time. If we no longer wish to be Factor of a Property, we will convene a meeting of all owners for the purpose of appointing a new Factor. At appointment of a new Factor, the Association will issue final accounts for Factoring services provided to the date of transfer within 28 days and transfer the value of any maintenance fund held to the new Factor.

## 11.0 **DISPUTES**

- 11.1 Ochil View has a Complaints Procedure that Owners can use to resolve disputes with the Association about the quality of the Factoring Service. When they have exhausted the Complaints Procedure, owners have the right to seek resolution for the Homeowner Housing Panel (or such agency as may supersede the Homeowner Housing Panel at the direction of the Scottish Government)

## 12.0 **MONITORING & REVIEW**

In 2016, the Association completed a survey of Owners which indicated that 50% were satisfied with the factoring service. The Association aims to increase the % of owners who are satisfied with the Factoring Services at the next Owner Satisfaction Survey.

Satisfaction levels will be ascertained during surveys and will be reported as a Corporate Performance Indicator.

## 13.0 **REVIEW**

This policy will be reviewed at least every 3 years

Graeme Wilson  
Head of Customer Services

**02 November 2017**

**Policy Review & Consultation Process**

Reviewed by the Management Team	2 November 2016
Recommended by the Customer Services Committee	10 November 2016
<b>APPROVED BY THE MANAGEMENT COMMITTEE</b>	24 November 2016

Approved