



Factoring Policy

Policy Approved by Services Sub Committee	4/2/21
Policy Ratified by Management Committee	11/3/21
Policy Next Due for Review	February 2024

1.1 Introduction

Yorkhill Housing Association Ltd. is a registered Property Factor (PF000220) and aims to provide the highest possible standard of service to all Owners whose properties are managed by it. This will be achieved by:

- Having open, fair and accountable charges for our service
- Operating fair, effective arrears control procedures
- Having well trained staff and clear written policies and procedures
- Ensuring good internal communication systems
- Establishing good communication links with owners
- Monitoring contractors' performance for quality and value

1.2 The policy is a reflection of the organisation's commitment to full Compliance with all legal, regulatory and good practice requirements.

Key legislation specifically governing practice and procedure includes:

- Land Registration (Scotland) Act 1979
- Abolition of Feudal Tenure etc (Scotland) Act 2000
- Housing (Scotland) Acts 2001/2006/2014
- Land Reform (Scotland) Act 2003
- Title Conditions (Scotland) Act 2003
- Tenements (Scotland) Act 2004
- Property Factors (Scotland) Act 2011
- Property Factors Code of Conduct

In addition to the above, policy and practice will also reflect the spirit and requirements of more generic legislation. (Data Protection, Freedom of Information, Health and Safety, Equal Opportunities etc).

1.3 The specific Regulatory Standards relevant to this policy are:

- Standard 1 The Governing body leads and directs the RSL to achieve good outcomes for tenants and other service users.
- Standard 2 The RSL is open and accountable for what it does. It understands and takes account of the needs and priorities of tenants, service users and stakeholders. Its

primary focus is the sustainable achievements of these priorities.

- Standard 3 The RSL manages its resources to ensure its financial wellbeing and economic effectiveness.
- Standard 4 The Governing Body bases its decisions on good quality information and advice and identifies and mitigates risks to the organisation's purpose.
- Standard 5 The RSL conducts its affairs with honesty and integrity.
- Standard 6 The Governing body and senior officers have the skills, experience, knowledge and training to successfully lead and manage the organisation

2. Regulatory Assurance associated with this Policy

- The Scottish Social Housing Charter
 - 1. Equalities – Customer / Landlord Relationship
 - 2. Communication
 - 3. Participation
 - 4. Repairs, Maintenance and Improvements
 - 5. Neighbourhood and Community
 - 13. Value for Money
 - 14. Service Charges
- The Property Factors Code of Conduct
- The SPSO Complaints Handling Process/First-tier Tribunal for Scotland

The Association will ensure compliance with these documents in relation to its factoring activities.

3. Deeds of Conditions

- 3.1 The Deed of Conditions is the foundation of the Factoring service as it is a legally enforceable set of rights and obligations. In the absence of a relevant statute or appropriate delegated legislation, the Association will always use the Deed of Condition to assess and determine specific methodologies for factoring activities.
- 3.2 Copies of Deeds of Conditions for each property or group of properties will be held by the Association.
- 3.3 For legal reasons, the Association may not provide copy deeds to individual owners, but may allow owners to read the documents within office premises or at owners' meetings. Individual owners may obtain their own copies at their own expense.

- 3.4 From time to time the Association will provide general information on Deeds of Conditions to owners through Newsletters and Information sheets; specific issues relating to individual properties will be a matter for the relevant Deed.
- 3.5 The Association will where possible, introduce a Model Deed to reflect contemporary conditions in relation to property structures and financial apportionment methodologies. Relevant legal advice must be obtained in such circumstances, and individual owners will be advised to consult their own legal advisers.
- 3.6 Where a dispute can not be settled by reference to the Deed of Conditions, the Association will seek to investigate appropriate case law or refer the matter to an appropriate mediator.

4. Factoring Agreements

- 4.1 The Association will aim to have all Owners sign a Factoring Agreement.
- 4.2 The factoring Agreement / factoring appendices will describe the key contractual issues between the Factor and Owner, using clear, plain language.

These will be based on the property's Deed of Conditions and will include:

- Procedures for convening meetings of owners
- Quorum required
- Basis on which repairs may be instructed
- Insurance requirements
- Charging periods and terms
- Management fee details
- Basis of common share apportionment
- Summary of Annual charges

- 4.3 The factoring Agreement will be part of the Statement of service package sent to new owners when factored properties are sold.

5. Reporting Standards

- 5.1 The senior management team will review factoring performance on a monthly basis. The Services Sub Committee will receive quarterly reports on the Factoring service including:
- Details of the Owner Occupied stock;
 - Changes in Ownership per quarter;
 - Outstanding debtors (both existing and former Owners) and action being taken or proposed;

- Any legal costs related to the Factoring service, both recoverable and non-recoverable.
- Owner's satisfaction levels
- Estate Management Inspection Reports
- Credits and Floats held on behalf of owners

6. Management Standards

In providing a quality service to owners, the Association will operate within the guidelines and spirit of the following separate policies:

- Selection and quality control of Contractors
- Tendering procedures
- Inspection procedures
- Estate management Policy
- Repairs and Maintenance Policy
- Property Factors Code of Conduct
- Customer Services Policy

7. Charges for Factoring Service

- 7.1 The Association will annually assess the costs of the factoring service to ensure that the charges cover the Association's expenditure.
- 7.2 The main over-riding principle subscribed to is that the Association's Factoring service will not be subsidised by the Association's tenanted properties.
- 7.3 The Association will charge the following:
- Management Fee
 - Insurance including 5% admin fee from April 21.
 - Recoverable legal costs from debtors (if applicable)
 - Replenishment of float (if applicable)
 - Services organised on the Owners behalf
 - Common reactive repairs
 - Cyclical Repairs
 - Major Repairs
 - Change of Ownership fee
 - Fee for copies of Building Warrants etc. if requested and held
 - Fee for photocopies as requested by owners
 - 10% Fee for administering Major Repairs work

- 7.4 The Association will pay repair and insurance works as required and re-charge owners.

The charging periods will normally be May and November. However, between these periods other works may be arranged or instructed and charged separately, for example close painting, gas servicing, major repairs.

- 7.5 The Association will normally expect prompt payment as per the terms of the Factoring Agreement. However, in cases of genuine difficulty, the Chief Executive and/or Director of Property Services may authorise payment arrangements to suit individual circumstances. The Factoring Officer has delegated authority to authorise payment arrangements for debts below £350 which can be cleared in full within a 3 month period.

8. Arrears Control and Recovery

- 8.1 The Association will recover all debts due to them by Owners and commercial Owners, and, if necessary, court action will be raised to recover debts with any costs incurred by the Association being added to the original sum if legally possible.
- 8.2 Owners and Commercial Owners will be considered as being in arrears if they do not pay their account in full within 28 days of the invoice being sent out, or do not pay any agreed monthly payment.
- 8.3 Recovery procedures will be agreed and monitored by the Services Sub Committee. The Chief Executive and/or Director of Property Services have delegated authority to review procedures and to take action to Decree stage as deemed appropriate. The Factoring Officer has delegated authority to proceed with arrears cases to Sheriff Officer stage as deemed appropriate and seek authorisation from the Director of Property Services for any actions from Sheriff Officer to Court Action. Ratification from Committee is required for implementation of court actions or court decisions.
- 8.4 Recovery methods will include letters, visits, phone calls, email messages, text messages, Sheriff Officer letters, recovery decrees, property inhibitions, arrestment of bank account, wages, or private landlords rents, sequestration, notice of potential liability.
- 8.5 Implementation of court decisions will always be a last resort

9. Factoring Floats

- 9.1 A Factoring Float is a one-off deposit of an agreed sum to enable the Association to pay for bills between factoring invoices and payment, in order to ensure adequate cash flow to pay contractors for day to day repairs.
- 9.2 The Owner pays the float to the Association at purchase of their property, and is refunded the float on re-sale, less any outstanding costs.
- 9.3 Interest on funds held as a float is credited to the Association to cover their administration of the float and their lost interest on their funds when payment of bills outwith the amounts collected are required.
- 9.4 The amount of float will be determined either by the Deed of Conditions on the property, or by agreement between YHA (the Association) as detailed in a formal Factoring Agreement (especially where the amount specified in the Deed is small or there is no float mentioned at all).
- 9.5 Float levels will be reviewed by the Association on an annual basis for new owners.
- 9.6 Where an existing Deed of Conditions is in place, and does not allow for a Factoring Float, or the sum to be charged is less than £50.00, the Association will not pursue the issue of a Float unless all Owners ask and agree for a float as part of a Factoring Agreement.
- 9.7 Where the Factoring services are extended to properties where we have no other interest, a float will be negotiated with the Owners, with the Director of Property Services given delegated authority to negotiate a float of between £100.00 and £250.00, unless there is a suitable sum above £50.00 under the existing Deed, in which case this will be charged

10. Insurance

- 10.1 The Association will comply with the property Deed of Conditions to ensure that the buildings they manage are adequately insured to allow at least the rebuilding of all common parts of the building in the event of fire, storm or other major disaster.

11. Emergency Situations

- 11.1 In the event of an emergency repair of a common nature being necessary outwith the Association's hours of opening, Owners are authorised to contact the Association's Emergency contractors to attend and effect repair, or take temporary measures to leave safe if the repair cannot be completed at the first visit. Details of Out of Hours

Management will be regularly provided to owners through Newsletters the Association's digital platforms and the Statement of Services Document.

- 11.2 If a contractor is called out by an Owner, and the repair turns out to be an individual repair and not a common one, then the Owner will be re-charged the cost of the repair.
- 11.3 In the event of a major emergency arising within office hours, the Association will visit the property to assess the situation and organise appropriate action.
- 11.4 Where the emergency requires access to an Owner's individual property, the Association will try to contact the Owner, failing which, if in the opinion of the Director of Property Services and/or Property Services Manager, access is needed immediately, the Association will force access with a Police Officer in attendance.
- 11.5 This action would only be taken in exceptional circumstances where allowing the problem to continue would lead to extensive damage to the property, for example, if a bath had been left running and the water was cascading down into properties below.
- 11.6 The Association will seek to obtain emergency contact information from all owners to be used only in the event of the type of situation described in 13.5
- 11.7 In the event of an emergency which will require major works, the Association will order any temporary works necessary to make safe the problem, before organising tenders for contractors to complete the works.
- 11.8 The Association will advise owners of the action to take in the event of an emergency through their Statement of Services document..

12. Complaints about Factoring Service

- 12.1 The Association wishes to know when Owners believe our service has not reached the standards expected.
- 12.2 It is therefore important for Owners to bring any complaints they have to the Association's attention through use of their Complaints Handling Procedure.
- 12.3 Owners will be given a copy of the Complaints Handling Procedure when they purchase properties or the Association takes over the factoring service.
- 12.4 There may be occasions where the Association cannot use the Complaints Handling Procedure, especially where there is a dispute

over the terms of the Deed of Conditions. If this is the case, Owners will be advised of any potential arbitration route available to them.

13. Covid Management of the Factoring Service

13.1 The Association will assess and review current working practices as agreed by the Chief Executive and/or Director of Property Services to take cognisance of the current Covid 19 pandemic. This will include:

- Arrangements for common area inspections
- Alteration, review or rescheduling of common works programmes
- Face to Face contact with owners
- Arrangements for owner's meetings

14. New Business Opportunities

The Director of Property Services has delegated authority to investigate new business opportunities in line with the Association's strategic objectives. All opportunities will be investigated through the Director of Property Services with input from the Maintenance Manager.

Where after investigation, the proposal is seen as a good business case and in the interests of Yorkhill Housing Association, a report will be presented by the Director of Property Services to the Services Sub Committee for discussion and approval.

15. Review of Policy

15.1 This Policy will be reviewed no later than February 2024

15.2 The Director of Property Services has delegated authority to review procedures when necessary. Any significant change to policy or procedure must be reported to Committee as soon as practically possible.
