

Factoring Policy

<i>Purpose:</i>	To establish the Association's policy on its Factoring Service for Owner Occupiers
<i>Review Date:</i>	April 2024
<i>Guidance:</i>	DPHA Financial Regulations and Procedures The Property Factors (Scotland) Act 2011 Tenements (Scotland) Act 2004 Title Conditions (Scotland) Act 2003 Data Protection Act 2018 The Equality Act 2010
<i>Regulatory Standards:</i>	Standard 2 - The RSL is open and accountable for what it does. It understands and takes account of the need and priorities of its tenants, service users and stakeholders and its primary focus is the sustainable achievement of these priorities. Standard 3 - The RSL manages its resources to ensure its financial well-being and economic effectiveness.
<i>Other Relevant Policies</i>	Data Protection Policy Equality and Human Rights Financial Regulations and Procedures
<i>PRWG Meeting:</i>	28 April 2021
<i>Amendments:</i>	
<i>Board of Management Approval:</i>	12 May 2021
<i>Publish on the website:</i>	Yes

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1. INTRODUCTION

- 1.1 As a landlord and factor, Dalmuir Park Housing Association (DPHA) accepts the responsibility for providing a range of services for all the properties under its control.
- 1.2 This policy document will describe the range of services the Association will provide as factor and the arrangements to be made for the recovery of amounts due from householders and commercial owners.
- 1.3 This Policy reflects the terms of Section 14 of the Property Factors (Scotland) Act 2011 of which DPHA is registered as a Property Factor.
- 1.4 DPHA will conduct its business in a manner that complies with all relevant legislation in addition to the Act. This covers duties imposed by legislation relating to consumer protection, financial services, data protection & equalities.
- 1.5 DPHA will also meet the specific requirements of the Scottish Housing Regulator as set out within the Scottish Social Housing Charter.

2. AIM OF FACTORING SERVICE

- 2.1 The Association owns several properties where there are other owners who have an acquired interest. The Association aims to provide an efficient and effective factoring service to all owners to ensure that parts owned in common areas are both satisfactorily maintained and adequately insured. In doing this we aim to recover the full costs involved. Through delivering our factoring service we aim to maintain the asset value of both owners and DPHA properties.

2.2 Objectives

The policy objectives are:

- To clearly define the respective duties and responsibilities of both owners and DPHA
- To provide clear information to owners on our factoring services
- To regularly monitor and review our factoring service
- Ensure value for money
- To encourage owners to participate in the factoring process and decisions that affects their property
- Provide owners with opportunities to participate in major works programmes being carried out by DPHA

2.3 Written Statement of Services

- 2.3.1 As a requirement of the Property Factors (Scotland) Act 2011 DPHA will provide each owner with a written statement included within their Welcome Pack. This will set out the terms and service delivery standards of the arrangement in place between us. This Statement will include DPHA's Property Registration Number.

2.3.2 DPHA will provide a Written Statement to:

- Any new owner, within 4 weeks, of DPHA agreeing to provide the Factoring Service to them
- Any new owner, within 4 weeks of being made aware of a change in ownership, where DPHA already provides the factoring service
- To all owners within 1 year of initial registration
- Any owner at the earliest opportunity (not exceeding 1 year) if there is any substantial change to the terms of the written statement

2.4 In preparing the Written Statement for each property DPHA 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 & the Tenements (Scotland) Act 2004.

3. **RESPONSIBILITIES FOR DELIVERY OF THE FACTORING SERVICE**

3.1 DPHA will deliver the factoring service as follows:

- Customer Services Team Leader will be responsible for the delivery of the factoring service including monitoring and reporting on its performance against Key Performance Indicators to DPHA's Board
- Customer Services Team will deal with general factoring enquiries in respect of repairs and maintenance
- Finance Team will deal with changes of ownership, the recovery of factoring debt & the promotion of the factoring service
- Customer Services Team will deal with identifying and processing common works, cyclical works and any major repair works, including notification & consultation with owners
- Finance Team will be responsible for having proper accounting procedures in place for DPHA to deliver its factoring service, issuing invoices and dealing with insurance.
- The Customer Services Team Leader will be responsible for dealing with complaints as per DPHA's Complaints Procedure
- We will ensure that appropriate detailed records are maintained on all factored properties so that all works undertaken, and services provided can be identified and correctly charged for, according to the responsibilities of individual owners

4. **CHARGES**

4.1 The Association will charge for the following services for all the properties in which it acts as factor.

4.1.1 **Building Insurance**

The Association will insure all its factored properties under a block policy. The amount of cover is provided as block cover which can then be averaged out amongst the number of

individual properties concerned. In this way the prospect of individual properties being under insured does not arise.

This premium will be included within the annual invoice sent April/May each year.

A summary of cover is available upon request.

4.1.2 Inspections and Common Repairs

The common areas of the property will be regularly inspected in order to determine its condition.

The Association will conduct day to day repair work where necessary to the common parts of the buildings. The Association will carry out this work as and when required in accordance with its Repairs & Maintenance Policy.

The cost of these repairs will be recharged to owners on completion of the work.

4.1.3. Cyclical Maintenance

The Association has a system in place for the cyclical maintenance of its properties. This applies to larger jobs, which will occur every 1, 2, 3 or 4 years and includes such items as gutter cleaning and common paintwork.

The Association will aim to inform all owners at the beginning of each financial year of the cyclical maintenance programme for that year outlining how it will affect everyone in terms of the type of work to be carried out, when this will be done and the budgeted cost. It should be noted however that the timing and the costs of individual jobs might vary depending upon availability of Contractors and tender returns. The actual costs of these cyclical works will be recharged to owners after the work is complete.

The maintenance programme may be updated when an inspection reveals a more rapid deterioration or may be deferred should the fabric/component be wearing better than expected.

4.1.4 Major Repairs

As the Association's properties become older certain items of major repair works will be required to be carried out to prevent the properties deteriorating. Some of these items refer to the common parts of the building and as such all owners will be responsible for paying a share of these costs. The title deeds give the Association power to instruct works under the tenement threshold of £2,000 per close (block) and recover the costs from owners without consultation.

This type of repair will be larger and more expensive than the routine repairs or cyclical repairs described above although they will occur less frequently. Examples of this type of work would include; stone repairs, gutter renewals.

Included as part of the costs recharged to owners, an admin fee of 10% will be added to the total contract cost for each close, this will also include associated professional fees. The admin fee will cover DPHA's costs of tendering and managing the contract.

All costs will be recharged to owners after the work has been completed.

4.1.5 **Service Charges**

Most of the Association's properties are tenements. Any individual who owns a flat within a tenement will receive services which are also supplied to tenants of the Association. These are services which are additional to what a landlord would normally be expected to provide from the rental income it receives and would include items such as stair lighting, stair cleaning, waste bin management, grounds maintenance etc. The Association will liaise with other appropriate agencies in providing an effective factoring service (e.g. West Dunbartonshire Council, insurance broker).

Services supplied to each close will be charged to owners at the same rate as they are charged to the Association's tenants.

The Association will publish the charge for individual services at the beginning of each year and the cost of these services will be included in the annual invoice sent in April/May.

4.1.6 **Management Fee**

The Association incurs costs in providing a factoring service which include; staff time, arranging insurances, organising repairs, debt recovery management, arranging close meetings, managing general enquiries and miscellaneous costs (e.g. postage, stationery, website maintenance).

To ensure that the Association does not make a loss in its factoring service a charge is made in respect of a management fee. This will be set at a level that the Association covers its costs.

The details of this management fee will be reviewed by The Board and published each year and included within the annual invoice.

4.1.7 **Administration Fee**

The Association will make an additional administration fee charge to owners when they decide to sell their property. This fee is to cover the additional work required when the sale of a property is transacting and includes liaising with both purchaser and seller's **solicitors, apportioning common charges, forwarding details of common insurance details** and indication of liability for any prospective common repair work.

5. ALLOCATION OF COSTS TO OWNERS

- 5.1 Costs of a common nature are apportioned in line with the percentages detailed in the Deed of Conditions or an individual property's Title Deeds. These legal documents determine the share of common repairs appropriate to each property within the close.

6. NOTIFICATION OF PROPOSED WORKS

- 6.1 Every year the Board will approve a programme of works which will include cyclical maintenance and major repairs.
- 6.2 Each residential and commercial owner will be notified of the planned works and how it will affect each individual. Details will be given of what type of works are planned, where and when they will be done and the estimated cost.
- 6.3 It should be noted however that the timing and the costs of individual works may vary depending on the availability of contractors and tender returns etc.
- 6.4 Should the estimated common repair work for each close exceed the amount stated within the Deed of Conditions, then the Association is obliged to hold a meeting to which all owners will be invited to discuss the proposed works.
- 6.5 Occasionally the Association will carry out common repair work at short notice which may not have been in the original programme. Where this happens, DPHA will notify residential and commercial owners affected. Repairs termed a health and safety risk will be instructed immediately to make safe, with owners being informed within 48 hours.

7. INVOICING

- 7.1 Annual invoices will be sent to all owners in April/May detailing Service Charges, Buildings Insurance premium and Management Fee. Invoices for any common repairs will be sent where applicable.

8. PAYMENTS

8.1 Annual Invoices

- 8.1.1 A 5% discount will be applied to all payments in full received within 28 days of invoice date with the condition that there is a clear balance on their factoring account.
- 8.1.2 The Association offers payment in instalments by arrangement. Failure to keep up the instalments will result in legal action being taken to recover the full amount due.

8.2 Common Repairs

- 8.2.1 Payment for invoices will be expected within 28 days of invoice date.

8.3 **Note:** Prior to any action being pursued, Finance staff **MUST** clarify with Customer Services staff if there are any quality of work issues /complaints being addressed.

9. DEBT RECOVERY

9.1 Following the issue of invoices DPHA will monitor all payments into owners' accounts and all invoices will include a statement saying that all legal avenues for the recovery of debt will be taken.

9.2 DPHA has a clear written procedure for debt recovery which outlines the steps it will take when an owner's account falls into arrears.

9.3 Where an owner expresses difficulty in making payments we will advise the owner on steps available to manage their debt.

9.4 DPHA will not take legal action against an owner without taking reasonable steps to resolve the matter or without giving notice of our intention.

9.5 DPHA will actively pursue the recovery of debt left by owners who no longer receive our factoring service.

10. NOTIFICATION BY OWNERS

10.1 If any residential or commercial owner is proposing to sell his/her property the Association would expect to be informed by a solicitor of the details of the sale regarding; date of sale, new owners etc.

10.2 This is mainly for the purpose of apportioning any common charges due between the parties involved at the date of sale and for the pursuit of any outstanding arrears of payment.

10.3 The selling owner will be charged an Administration Fee as per 4.1.7 above.

11. ROLE OF THE LOCAL AUTHORITY

11.1 Under the provisions of the Tenement (Scotland) Act 2004 the local authority can become involved with issues common to a property, such as roof repairs, where there are two or more owners and the property is in decline due to the non-agreement of all interested parties to maintain the property. In addition, under the provisions of the Housing (Scotland) Act 2006, the local authority may through its scheme of assistance be able to offer useful advice and information to owners whose properties are in a state of disrepair.

12. INFORMATION AND ADVICE

12.1 The Association will arrange meetings on factoring services with owners as required, or in response to a request from owners.

12.2 The Association will ensure that appropriate information on the factoring service is provided to owners in a variety of ways, including the Owners Handbook, Website and DPHA Magazine.

13. COMPLAINTS

13.1 Although we are committed to providing high levels of service, we accept that there may be occasions where you may not be satisfied with the service you have received from us. We value all complaints and use this information to help us improve our services. Our Complaints Policy describes our complaints procedure and how to make a complaint.

14. EQUALITY AND HUMAN RIGHTS

14.1 We are committed to promoting an environment of respect, understanding, encouraging fairness, diversity and eliminating discrimination by providing equality of opportunity for all. This is reflected in our Equality and Human Rights Policy.

15. DATA PROTECTION

15.1 We will treat personal data in line with our obligations under the current data protection regulations and our Data Protection Policy. Information regarding how data will be used and the basis for processing data is provided in our Customer Fair Processing Notice.