

## Factoring Policy

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## **1. Introduction**

New Gorbals Housing Association has grown its factoring service over the preceding decades. Currently the Association manages the factoring service for over 1,800 owners. This Factoring Policy demonstrates how New Gorbals Housing Association (NGHA) will deliver, manage and grow its factoring service.

The association is registered as an approved factor with the Scottish Government as detailed within the Register of Property Factors (Registration No. PF00038).

## **2. Policy Aims & Objectives**

The underlying aim of this policy is to ensure that:

- Services comply with the Property Factors (Scotland) Act 2011 and associated Code of Conduct.
- Services are financially sustainable and affordable to homeowners
- Factored owners have a positive relationship with NGHA as the factor for their home
- Homes, common areas and the fabric of the buildings are maintained to a high standard.
- NGHAs advice to owners will be impartial and factual in relation to both works required and actions necessary for compliance with Title Deeds/ Deed of Condition.

To achieve these aims and objectives the Association will aim to ensure:

- Factored properties and estates are managed effectively
- Maintain registration as a Property Factor and an accurate up-to-date portfolio of properties receiving a factoring service
- Debts and operating costs are pursued fairly in accordance with agreements and receive no cross subsidy from NGHA's rental income
- Detailed invoices about charges and payment methods are issued, while having a clear and transparent approach to setting and revising management fees
- Outstanding monies are recovered appropriately
- Provide owners the opportunity to participate in the Associations decision making process
- Regular owner satisfaction surveys are completed, and their findings and any subsequent action plans publicised
- Collaborative and effective dialogue with owners is ongoing
- Other related policies and procedures complement and support the aims and objectives of the Factoring Policy
- Performance is monitored and reported quarterly
- Continued development and delivery of efficient operating systems and digitisation of services where appropriate.

### **3. Expected Outcomes**

Key outcomes of operating an effective Factoring Policy include:

- Factored properties and estates are managed effectively;
- Debts and operating costs are pursued fairly in accordance with our arrear's recovery;
- Increase take-up of our digital offering
- Monitoring and reporting performance of the factoring service quarterly; and
- Effective dialogue and relationships are maintained with factored owners

### **4. Our Factoring Service**

Our Factoring Team will provide each customer with a Written Statement of Services which will detail the terms and service delivery standards of the arrangement in place between the homeowner and the Association.

The Association has the Authority to Act as Property Factor due to the following reasons. The Association was:

- Named as the factor in the Title Deeds;
- Appointed when we took over the ownership and management of the ex-GHA stock in 2011;
- Appointed directly; or
- Already the factor for the block at the time that the property was purchased.

Our service may vary from property to property but will include the following as necessary and or appropriate:

- Instructing common reactive maintenance and repairs
- Planning for, arranging and overseeing cyclical maintenance and major repairs
- Co-ordinating environmental maintenance and services
- Ensuring comprehensive buildings insurance for the full rebuilding value
- Providing management and administration services
- Maintaining a list of approved contractors
- Apportioning costs and liaising with solicitors regarding sales and re-sales

### **5. Building Insurance**

Where appropriate the Association has a legal responsibility as Property Factor as set out in the Deed of Conditions to provide buildings insurance. The Deed is designed to protect everyone's interest and ensure that the block is always fully covered in the event of an insured act such as fire or storm damage. An owner cannot opt of block building insurance cover – it is a legal requirement.

Cover will be arranged via a reputable insurance company, at the most competitive rate available for the appropriate level of cover. The Association will co-ordinate any

claims to be made via the Common Buildings Insurance Policy and inform the owners of the outcome.

Buildings Insurance will automatically be arranged for all owners. Owners should note that they require separate home contents insurance.

## **6. Common Repairs**

The Association aims to provide a prompt and efficient common repairs service. The main benefit of participating in the factoring service is that common repairs can be ordered and carried out promptly without the need to get prior agreement between residents. These repairs will be managed in line with the Association's current repairs policies and Deed of Conditions.

Repairs covered under the heading 'common' include the following:

- External stonework (where this is defined in the title deeds), roughcast, brickwork and gable end (where the tenement is not adjoined by another tenement).
- Downpipes
- The rising cold-water main pipe on your side of the building
- The common close and staircase including steps, bannisters and balustrades
- The front steps and any porticos or decorative entranceways
- External steps, balustrades and wrought iron works
- A controlled entry door and common electrical circuitry
- Close tiles and/or plasterwork
- A rear close door or gate, any stairs leading to the backcourt and any rear close access areas
- All parts of the back court including fences, railings, gates, bin stores or bin shelters, common drying areas including washing poles, grassed or earthed areas, gravel beds and hard standing areas; retaining walls
- Drains and underground pipes
- The solum and foundations
- Gable wall

The Deed of Condition for each property will confirm precise details.

Repairs timescales are classified as follows:

- Emergency - 4hrs
- Routine – 10 working days

## **7. Cyclical Maintenance**

Cyclical repairs are carried out by the Association on a planned, regular basis to prevent a property from falling into a state of disrepair, remaining a safe and attractive place to live. Where works are planned, we will notify owners prior to works being carried out.

## **8. Planned Maintenance**

Planning ahead is a key part of the Factoring Service. The Association has developed long term plans to replace common elements of our buildings as they age, for example, roofs and close windows. These plans are available to commercial and owner occupiers. Planned maintenance may involve replacement of close windows, doors, etc.

Where planned maintenance is for the replacement of common elements of the buildings for example roof replacement then we will consult appropriately in advance dependent on the nature of the work required. Consent levels contained within the Deed of Conditions explain the value of repair which can be carried out without first consulting the owners concerned. Repairs above this level will require consultation to take place. Owners will be invoiced upon the satisfactory completion of the works.

## **9. Maintaining Common Areas & Environmental Services**

The Association will offer the following services at a cost to factored owners:

- Grass cutting
- De-littering
- Backcourt maintenance
- Close cleaning
- Common Window cleaning
- Bulk Uplift

The additional costs will be added to the factoring account quarterly. Where the Association considers that the level of cleanliness or maintenance is below an acceptable standard due to non-participation it will arrange one off cleaning which will be recharged and treated as a common repair.

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.

## **10. The Factoring Service Costs**

NGHA provides a comprehensive property management service which includes the full maintaining and inspection service to the common areas. The costs associated with providing these services will be reviewed annually as part of the Association's budget setting process. Owners will be notified in writing in the new reporting year of the increase for the following year. The Association aims for the factoring service to be self-financing therefore all costs incurred by the Association in providing the factoring service must be passed onto the factored owners. The Management Fee charged to factored owners covers;

- **Full Maintenance & Inspection Service**
  - Ongoing and routine inspection
  - Pre and post inspection of repairs
  - Tendering and contract preparation for responsive and cyclical maintenance
  - Selection of contractors and liaising with contractors
  - Account administration and debt collection
  - Service user consultation
  - Copies of our newsletter
  - Copy of our annual report, and;
  - Administration of common insurance claims
  
- **Common Repairs Administration** – The administration of common repairs is covered by the Management Fee. Owners will only be charged for a proportionate share of any repair work carried out which once completed will be added to the next quarterly bill. The share apportionment for common repairs is normally stipulated within the Deed of Conditions. If the title deeds do not state how the ownership should be split up, then costs will be apportioned equally between occupiers
  
- **Major Works** – Where major works are planned, the factored owners will be responsible for any administrative charges to pay for the contract preparation and supervision. These will be variable at cost depending on the specialised services required and the level of administration required of the Association.

## **11. Payments, Arrears Control & Recovery**

All charges will be in advance except for any reactive repairs that will be chargeable in arrears. Copies of relevant contractors' accounts will be made available to owners upon request. Invoices will be issued quarterly with payment due within 14 days of the invoice date. However, in cases of genuine difficulty, or at the Association's discretion, the Association may make payment arrangements to suit individual circumstances.

Owners are in arrears if they do not pay their account in full within 14 days of the invoice date, unless they are maintaining an agreed payment arrangement.

The Association will request payment from owners regarding factoring arrears by way of reminder letters, phone calls, text messages and visits and may also seek to help and negotiate mutually acceptable payment arrangements, where appropriate.

However, if payment is not made, or an arrangement is not satisfactorily maintained the Association will take court action to recover debts, with any solicitor, court and other costs incurred by the Association being added to the original sum. In addition to letters and visits, other recovery methods may include the use of solicitors, Sheriff Officers, recovery decrees, property inhibitions, NPLC, arrestment of bank account or wages and sequestration.

Where an owner has outstanding factoring arrears and no payment arrangement, further works may not be undertaken on their behalf unless an agreed element of the cost is paid in advance or a satisfactory arrangement for the arrears is agreed.

## **12. Property Sales**

Where a property factored by the Association is to be sold, owners must advise the Association of the date of transfer and the name of the new owners. If solicitors handling the transaction require copies of Building Warrants, guarantees, or other documents, an administrative charge may be made. Any outstanding charges must be settled prior to the sale being transacted.

## **13. Growth of Our Factoring Service**

The Association is committed to the continued growth of our Factoring Service. We will proactively pursue opportunities for growth where appropriate within our traditional locale, G5 & G41 postcode area.

The Association will develop business case criteria to inform decision on acquisition or disposal and actively consider acquisition where it would allow us to take over factoring of a block to carry out a backlog of repairs and improvements or dispose of poorly performing assets where management and maintenance costs are covered by revenue.

We will not pursue this growth at any expense to the Association and the appropriate business case will be considered and approved beforehand.

## **14. Performance Management**

NGHA Management Committee will annually consider performance against the Social Housing Charter in particular the following indicators which are submitted as part of the Association's Annual Return on the Charter.

- Average annual management fee per factored property.
- Percentage of factored owners satisfied with the factoring service they receive.

The Management Committee or appropriate Sub-Committee will also consider the following quarterly reports.

- Levels of factoring arrears and action taken or proposed
- Service complaints regarding the Factoring Service
- Number of factored owners who receive communication via electronic means
- Number of factored owners registered for the Factored Owner Portal

## **15. Customer Involvement**

We will promote our Factoring Policy through our factoring newsletter and website. Where we plan to make significant changes to the policy, we will consult tenants



through short-life working groups, consultation events or our Tenant Panel in line with our Tenant Participation and Engagement Strategy.

You can find out more information about our tenant engagement work on our website and Tenant Participation Strategy.

## 16. Legislative Framework & Policy Context

We are regulated by the Scottish Housing Regulator (SHR). Their Regulatory Framework sets out seven Standards of Governance and Financial Management.

Relevant to this Policy are the following elements under the Standards:

- **Standard 1:** The governing body leads and directs the RSL to achieve good outcomes for its tenants and other service users.
- **Standard 2:** The RSL is open about and accountable for what it does. It understands and takes account of the needs 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, while maintaining rents at a level that tenants can afford to pay.
- **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.

### Scottish Social Housing Charter

The Charter sets out the standards and outcomes for all social landlords when performing their wide range of activities. The Association will comply with the following Scottish Social Housing Charter requirements most relevant to this policy:

- **Outcome 1:** Equalities - 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.
- **Outcome 2:** 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 provides.
- **Outcome 3:** 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.
- **Outcome 6:** Social landlords, working in partnership with other agencies, help to ensure as far as reasonably possible that tenants and other customers live in well-maintained neighbourhoods where they feel safe.
- **Outcome 13:** Value for Money - tenants, owners and other customers receive services that provide continually improving value for the rent and other charges

they pay.

## **17. Key Association Policies**

### **Complaints**

Although we are committed to providing high levels of service, we accept that there may be occasions where a service user may not be satisfied with the service received from the Association. Any person looking to make a complaint can find out more about how to do so by following this link [Complaint Handling Procedure](#).

### **Ethical Conduct**

The Association is committed to the highest standards of ethical conduct and integrity in all its activities both our [Management Committee](#) and [staff](#) must adhere to our Code of Conduct, which can be found by following the links above.

### **Data Protection**

We will comply with the provisions of the Data Protection Act 2018, which gives individuals the right to see and receive a copy of any personal information that is held about them by the Association and to have any inaccuracies corrected. You can find out more about how we manage personal data [here](#).

### **Equality, Diversity and Inclusion**

NGHA aims to promote equality and diversity and operate equal opportunities policies which inform all aspects of its business. To find out more please see the following link [Equality, Diversity and Inclusion Policy](#).

An Equalities Impact Assessment has been completed for this policy and can be provided upon request.

## New Gorbals Housing Association

### Factoring Policy – Key Performance Indicators

<b>Key Performance Indicator</b>	<b>Target</b>
Level Of Annual Factoring Arrears	<=2%
Percentage of Factored Owners Who Receive Communication Digitally	>=50%
Percentage of Factored Owners Registered For Factored Owner Portal	>=50%
Post Repair Inspection	10%