



Putting People 1st

Date of review:	September 2021
Previous:	September 2018
Date of next review:	September 2024

Factoring Policy

H.08

This policy document can be produced in various formats, for instance, in larger print or audio-format; and it can also be translated into other languages, as appropriate.

Our equality and diversity policy statement describes our key equality commitments that we use to develop all organisational services; this includes employment services and services to tenants and other customers.

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The Scottish Housing Regulator Reg. No: HAC231; Registered Scottish Charity No: SC038237; FCA Reg. No: 2375R(S); Property Factor Reg. No: PF000151

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1. Introduction

Pineview Housing Association's housing stock consists of 853 rented, 30 owner occupied and 22 shared ownership properties.

The cost of providing a management and maintenance service to Pineview Housing Association's tenants is funded from the rental income generated from these tenanted properties.

Therefore, the cost involved in providing a factoring service to residential owners must not be subsidised from our rental income but paid for in its entirety by the owner-occupiers and sharing owners.

This policy outlines the way in which Pineview Housing Association (PHA) will deliver factoring services and how we will work in partnership with owners, sharing owners and other agencies.

The principles which PHA will operate for our factoring service will be in accordance with our core mission, objectives, values and behaviours as outlined in section 2 below.

2. Mission, Values and Behaviours

Our Mission:

'Pineview Housing Association aims to provide quality affordable homes and deliver excellent service through listening and engaging with our customers'

Our Values and Behaviours:

In everything we do, we will be:

- Honest and transparent
- Fair and adaptable
- Polite and approachable
- Positive and considerate
- Knowledgeable and listening

Our Objectives:

- To provide good quality affordable homes for rent and home ownership and maintain quality through long term investment.
- To assist tenants and where appropriate owners and sharing owners to sustain their tenancies/ownership through the provision of adaptations, advice and support, housing options service and any other initiatives which the Association can reasonably enter into.
- To provide efficient, responsive and cost-effective housing services for customers.

- To ensure that the work of the Association is supported by effective governance, financial and administration systems that staff and Committee are accountable for the work of the Association.
- To ensure that the Association is an employer of choice.
- To consolidate our business within our existing neighbourhoods and take advantage of development opportunities should they be financially viable and appropriate to undertake.
- To support wider role activities that help support the investment and regeneration that has already taken place and which introduce measures to help sustain our business and develop our community.

3. Scottish Social Housing Charter, Legislation and Good Practice

PHA will have full regard to the requirements of the Scottish Social Housing Charter, good practice guidance and legislation in our approach to our factoring service.

The Scottish Social Housing Charter

The key chapters of the Charter most relevant to this policy are:

- **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 provides.
- **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.
- **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 rent and other charges they pay.
- **14 & 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 service users can afford them. Tenants get clear information on how rent and other money is spent, including details on any individual items of expenditure above thresholds between landlords and tenants.

Legal Requirements:

This policy and its implementation will reflect our statutory and contractual obligations as applicable to the individual circumstances. This includes (but is not an exhaustive list):

- The Abolition of Feudal Tenure (etc.) (Scotland) Act 2000
- The Title Conditions (Scotland) Act 2003
- The Tenements (Scotland) Act 2004
- The Equality (Scotland) Act 2010
- The 2006,2010 & 2014 Housing (Scotland) Acts

- The Property Factors (Scotland) Act 2011
- The General Data Protection Regulation (GDPR) & Data Protection Act 2018

Good Practice /Guidance Notes:

PHA will continue to develop its factoring policy, procedures and services in line with good practice & guidance documents. This includes from the following sources (but is not an exhaustive list):

- The Scottish Government
- The Scottish Housing Regulator
- The Scottish Federation of Housing Associations
- The Association's solicitors

4. Policy Aims

- To ensure that owners/sharing owners and PHA fulfil their respective responsibilities as set out in the updated Written Statement of Service, Deeds of Conditions, common law, legislation and other relevant agreements.
- To co-ordinate and monitor the management, maintenance, general upkeep and any improvements required in respect of the common property and external areas.
- To be proactive in identifying issues and ensure early action is taken to resolve common management and maintenance problems.
- To ensure that the environment in and around our properties is maintained to the highest standard to protect investment in PHA and owners' homes.
- To ensure owners and sharing owners are charged appropriately for the service provided and that we provide a transparent accounting system
- To ensure owners and sharing owners are aware of the liability to pay a factoring float.
- To ensure owners and sharing owners are consulted and informed on all aspects of the factoring service and are aware of both their own rights and responsibilities and those of the Association.
- To regularly monitor and evaluate all aspects of the factoring service and review and revise policies and procedures as required.

5. Pineview Housing Association's Role & Responsibilities as Factor

Pineview Housing Association is a Registered Property Factor within the Property Factors Scotland Act 2011 and our registration number is PF000151.

Please see Appendix 1 which contains an extract from the Property Factor's (Scotland) Act 2011 defining a Property Factor.

In accordance with the Property Factors (Scotland) Act 2011 PHA will:

- Register as a Property Factor, and re-register as required every 3 years prior to expiry of current registration

- Submit Annual Returns to the Scottish Government and maintain the Association's entry in the Scottish Property Factor Register
- Manage properties and land in accordance with the Code of Conduct for Property Factors as updated in August 2021
- Update property details by 30 June each year.
- Provide a Written Statement of Service to all owners who receive factoring services.

The Written Statement of Service will include information on:

- The Association and our contact details
- The Property Factors Registration number
- Description of Factoring service provided
- Pineview's authority to act as Factor
- Arrangement for obtaining owner's consent for the instruction of the work
- Financial and charging arrangements including the Factoring Deposit, Management Fee, Common Maintenance Costs
- Insurance arrangements
- How we will communicate with owners and sharing owners
- The complaints process and how to contact the First-Tier Tribunal for Scotland (Housing and Property Chamber)
- Details of how information will be managed in line with the General Data Protection Requirements (GDPR)
- What to do in the event of a sale
- Information on how to terminate the factoring service
- Declaration of Interest within the areas of operation.
- Related and relevant Association Policies.

PHA in its role as factor will ensure the following;

- The property is adequately insured by including owners in PHA's block Insurance Policy or obtaining copies of owners' own cover.
- To arrange for the externals of the property to be properly maintained, as allowed for in the title.
- To invoice owners and sharing owners for their share of all costs associated with insurances and the maintenance/servicing of the building. To recover any such outstanding costs by various methods available under the Title Deeds, Deed of Conditions, common law or relevant legislation.
- As required / applicable to arrange owners' meetings in order to take decisions on management issues or repairs/improvement proposals
- On the sale of a property, to apportion between seller and purchaser, costs in relation to management, insurances, services, maintenance and repairs charges.

As factor, PHA endeavours to ensure that owners/sharing owners meet their obligations to repair and maintain the common elements of their property and to

provide a management service that is efficient, effective and value for money. In doing so the Association incurs cost.

These costs include:-

- Common Building Insurance
- Staff time in arranging insurances
- Organising repairs and routine, cyclical and major works
- Arranging and managing ground maintenance contracts
- Printing, posting etc.
- Dealing with general enquiries/complaints
- Apportioning costs when properties are sold
- Supervising Contracts
- Liaising with Solicitors

The costs incurred to PHA for providing these services will be included in the Management Fee that will be charged to all owners/sharing owners. The fee will be reviewed annually to take into account inflation and costs incurred.

6. Owner/Sharing Owners' Role and Responsibilities

- To maintain their property and the common parts in good repair and to report common and emergency repairs as set out below.
- To attend meetings and respond to correspondence in respect of repairs above the threshold to ensure that repairs may be carried out when appropriate.
- To ensure their property is insured either through the Association's block policy or their own policy and to deliver evidence of same if they take their own policy.
- To pay when required the sums due by them to the Association.
- To advise purchasers when they sell their property of the Association as Factor and their obligations in respect of meeting the cost of the management fee etc.

7. Service Provision

PHA will offer the following services for all of the properties in which we act as factor. Owners and Sharing Owners will only be obliged to accept those services which are referred to in their Title Deeds, Deed of Conditions or Occupancy Agreement.

Where there is no requirement in terms of these documents, owners and sharing owners may participate in the service if they choose.

An agreement between the Association and the owner in this respect will be signed by both parties.

Building Insurance

It is each Owner's responsibility to ensure that their property is adequately insured. All Owners must arrange Building Insurance cover for their property as specified in the Deed of Conditions.

PHA will allow Owners the opportunity to participate in its Block Policy which is paid along with the Management Fees. The amount of cover is provided as a block cover, which can then be averaged out amongst the number of individual properties concerned. In this way the prospect of individual properties being uninsured does not arise.

If specified in the Deed of Conditions that PHA is the Factor we are required to inspect Owners Building Insurance annually – procedures will be adopted to ensure that this is carried out for any owners who elect not to participate in the block policy.

Sharing Owners will be required to participate in the Association's block policy.

Home contents insurance is the full responsibility of the owner / sharing owner and PHA strongly recommends that owners / sharing owners take out adequate contents insurance.

Routine Common Repairs

Common repairs refer to items such as common close doors, walls and windows, gutters, roofs etc. Common repairs should be reported to the Association's office. Repairs may be reported in person, by telephone or via the Association's website.

Emergency Common Repairs

If an emergency situation arises it should be reported to the Association immediately. Should an emergency situation arise outwith office hours, it should be reported to the Call Centre = Tel no. 0800 595 595.

Repairs within Owners or Sharing Owners property or non-common repairs are the owners/sharing owners own responsibility and the Association will not undertake these repairs.

Regular Cyclical Maintenance – Common Elements

In order to maintain the fabric of all properties, PHA will undertake Cyclical Maintenance to common areas e.g. gutter cleaning and common painting.

The Association has a programme in place for the Cyclical Maintenance of the stock to ensure that the work is carried out on a regular programmed basis as and when required dependent on the type of work.

At the beginning of the financial year the Association will aim to inform owners/sharing owners of any cyclical maintenance work planned to be carried out on the property during the next financial year and provide an estimate of costs. In order to ensure all the properties within PHA's area are kept in good repair owners/sharing owners may be offered the opportunity to participate in the Association's cyclical programme for painting non common elements such as house windows and front doors etc. PHA staff will contact owners/sharing owners when such works are carried out on surrounding tenanted properties to ascertain whether or not the owner/sharing owner would like to participate. Details of works; cost and contractor will be supplied.

Common Major Repairs

As properties become older certain items of major repair work are required to be carried out to prevent the houses deteriorating. Some of these items refer to the common parts of the building and as such all owners/sharing owners within the building will be responsible for paying a share of these costs.

The costs of this type of repair will be larger and more expensive than the routine repair or cyclical repairs described above. Examples of this work would include re-roofing, controlled entry renewal etc. All owners/sharing owners would be required to pay their full share of the cost of major repairs.

Gas Servicing

PHA is required to undertake a programme of annual gas servicing of tenanted properties. This is an important health and safety issue and the Association recognises the benefits of enabling owners/sharing owners to participate in annual gas servicing. The Association has therefore agreed to offer owners/sharing owners the opportunity to participate.

Due to the numbers of properties included in the programme, PHA is able to obtain very competitive prices from Contractors who tender for this work. Participating owners/sharing owners will be charged the same price that the Association pays for its tenanted properties.

It should be noted that the price charged is a three-star cover and includes the annual service and all reasonable repairs, but it does not cover the cost of a replacement boiler

Electrical Installation Test and Inspection

Similar to the Gas Servicing all properties are required to have an electrical test and PHA carries this out to tenanted properties every 5 years. The Association recognises the benefits of enabling owners/sharing owners to participate and has agreed to offer owners/sharing owners the opportunity to participate.

Common Ground Maintenance and Stair Cleaning

PHA will arrange and manage a ground maintenance contract for all common areas. The Association will pay for the costs for the number of tenanted properties. The remainder will be apportioned to each owner/sharing owner as applicable. This will ensure regular common ground maintenance is carried out keeping grass cut, bushes trimmed, play areas well maintained and paths and pavements etc cleared of weeds.

Where an owner resides in a common close, a close and glass cleaning service will be provided and the owner will be charged for their share of this service charge.

8. Repairs Thresholds and Authority to carry out work

PHA will instruct any common repairs as and when required if the estimated cost per owner/sharing owner is less than £1,000 or the threshold figure contained in their Title Deeds, Deed of Conditions/Occupancy Agreement if different.

Where it is estimated that the costs will exceed this sum, the Association will obtain quotations for the work concerned. Thereafter the owners/sharing owners will be notified in writing of the work specification and the total costs of their share. When work is due to begin, PHA staff will advise owners in advance of the date in order to make them aware of any likely disruption.

All repairs will be carried out by PHA's contractors within the specified repairs response times detailed in the Association's Repairs and Maintenance Policy.

In the event of an emergency, the Association will instruct the necessary repairs without requiring to notify owners/sharing owners in advance, even if the cost is in excess of £1,000 or the threshold set out in the Deed of Conditions/Occupancy Agreement.

The term 'emergency work' is understood to mean work to common parts of the building, which is necessary to ensure the safety of the occupants, the public or the property itself. Emergency work can also include non-common work to individual houses if it is causing a problem within another property e.g. flooding from one house to another.

If such an emergency situation arises and the Association does not gain access from the owner/sharing owner, the Association will contact the Police to gain access to make safe only. All charges for this will require to be paid by the owner/sharing owner.

Where repairs are above £1,000 or the threshold stated within the Title Deeds, the Association will consult the owners affected. Consultation will normally be by written communication or through meetings convened by the factor in accordance with the terms of the Deed of Conditions. Through these means the factor will provide owners with:

- Details of the work to be carried out and why it is needed.
- The method of appointing a contractor to carry out the works.

- Information on the likely start date and duration of the works.
- An estimate of the cost.
- If appropriate, the process for applying for grant assistance.

Decisions taken by the owners of the majority of the properties are legally binding on all owners in a block. Owners generally have one vote for each property they own, although some titles may vary.

PHA when acting as factor has the authority to instruct necessary interim works for the protection of the property or the safety of occupiers or the general public, pending the outcome of consultations with co-owners on necessary remedial works.

9. Recovery of Costs

Invoices

Owners/sharing owners will be invoiced on completion of all works. Invoices will require to be paid within 21 days of being issued. Owners pay using the Association's range of payment methods

Should an owner/sharing owner fail to pay on time and has not contacted the Association regarding their intention to pay the Association will carry out debt recovery process in line with arrears procedures.

Arrears

The Association has clear written procedures for recovery of debt from owners/sharing owners.

In order to prevent arrears accruing, all new owners/sharing owners will be issued with a direct debit mandate. Current owners will also be encouraged to pay by this method. In the event of arrears accruing, PHA will recover all debts due by owners and will if required instruct our solicitors to take all appropriate legal action in order to recover the debt owed, any legal costs incurred and interest on the debt.

Actions which may be taken to recover costs include the following (not an exhaustive list):

Small Debt Action

Debt recovery agency

Wages Arrestment

Bank Account Arrestment

Initiating a Notice of potential liability for costs (renewable every 3 years)

If applicable using Glasgow City Council's Missing Share Protocol (See Appendix 2)

Apportionment of Costs/Sale of Property

All owners and sharing owners **must** advise the Association if they decide to sell their property due to the Association's involvement as Factor.

Sharing Owners are bound by the terms of their Occupancy Agreement with regard to the sale of their share of the property and these must be adhered to. The Association will enter into Co-operation Agreements with all lenders. It is therefore imperative that the Association ascertains details of the lenders of new sharing owners, to ensure that a Co-operation Agreement is either already in place or is entered into.

10. Information and Consultation

The Association will provide information or consult with owners/sharing owners either by writing to them individually, or via regular newsletters.

We will contact owners/sharing owners as required, to gain majority consent for work over £1,000 or as detailed in the Deeds of Condition. The Association will also arrange meetings of owners/sharing owners, if required, to enable discussion and agreement of issues.

If there is sufficient interest the Association will set up an Owners Forum, which would meet regularly to discuss areas of interest to such a forum.

Owners/sharing owners would be welcome to join the Management Committee of Pineview Housing Association Ltd or the Resident and Customer Forum.

The Association aims to carry out an owner's satisfaction survey every 3 years. This will be included within the overall tenant satisfaction survey. Satisfaction levels will be ascertained and reported on as a performance indicator.

11. Neighbour Disputes / Anti-Social Behaviour

The Association will not become directly involved in neighbour dispute problems involving owners or sharing owners except where one of our tenants is involved or there is extreme anti-social behaviour or a breach of the Deed of Conditions. We will however offer signposting advice.

12. Equality and Diversity

Our core values include providing a fair and equal service for all people and this is detailed in our Equality and Diversity Policy. Our approach to our factoring service will reflect that commitment.

13. Complaints / Appeals

Anyone who is not happy /satisfied with the service they have received as a result of this policy has a right to complain. Please see the Association's Complaints Policy for details on how to do this.

14. Review / Consultation

This policy will be reviewed every 3 years unless amendment is prompted by a change in legislation or monitoring/reporting reveals that a change in policy is required sooner.

Procedures and working methods may be altered more frequently where this is needed.

Policy review will involve consultation with our Customer Forum Group and any other relevant stakeholders. We will take account of any views or representations in revising our policy and service provision to assist in the development of effective service delivery.

Appendix 1:

An extract from the Property Factors (Scotland) Act defines a property factor as:

- A person who in the course of that person's business manages the common parts of land owned by two or more other person and used to any extent for residential purposes.
- A local authority or housing association which manages the common parts of land used to any extent for residential purposes and owned by two or more persons, or
- By the local authority or housing association and one or more other person:
 - A person who, in the course of that person's business, manages or maintains land which is available for use by the owners of any two or more adjoining or neighbouring residential 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), and
- A local authority or housing association which manages or maintains land which is available for use by-
 - The owners of any two or more adjoining or neighbouring residential properties or
- 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

Appendix 2:

Payment of Missing Shares (Section 50 Housing (Scotland) Act 2006)

Information from Glasgow City Council:

What is it?

When the majority of owners within a property in common ownership agree to undertake common repair/maintenance works, the Council may pay the missing share of the minority who are unwilling or unable to participate (with an individual share being above £300 which may be subject to change)

Monies will be paid into a maintenance account to facilitate the works and the Council will subsequently pursue these owners for recovery of their full share of the costs on completion of the works plus an additional charge of 15% to cover all professional administrative and legal expenses.

Who is it for?

Section 50 of the Housing (Scotland) Act 2006 allows the majority of owners to request that Glasgow City Council pay the missing shares for maintenance work to properties with shared communal areas.

Glasgow City Council can pay a Missing Share if:

- The owners are responsible for carrying out maintenance work to common areas of the building.
- The majority of the owners have agreed to carry out the work.
- The owners have been requested to pay, and have paid their share of the funds for the works, into a maintenance account.
- The majority of owners have notified the non-paying owners that they are in the minority and their payment is required in order for the works to be instructed.
- The split of the cost has been carried out in accordance with the Title Deeds.

Please note if work has commenced prior to approaching the Council assistance through Section 50 (Missing Shares) will not be available. Assistance is not available retrospectively.