

Housing Management

Factoring Policy

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Cross Reference:

FORTH HOUSING ASSOCIATION LTD

FACTORING POLICY

1.0 Introduction

- 1.1 As landlord and factor, Forth Housing Association accepts the responsibility for providing a range of services for all the properties under its control. The Association has developed a factoring service for Owners of properties within its areas of operation. This may include Sharing Owners or those Owners who have purchased outright from FHA.
- 1.2 This policy and the supporting procedures have been produced in compliance with Communities Scotland guidance – Performance Standards B4.3 and B4.4 – and the SFHA’s “Raising Standards in Housing.”

2.0 Legal Position

- 2.1 Every *Sharing/Owner* has a deed of conditions for their property as drawn up at the time of sale. This deed of conditions clearly expresses the rights and obligations of each party. Moreover, each Owner is asked to sign a factoring/*management* agreement, which contains the standard conditions and services to be adhered to in the provision of the Association’s factoring service. The factoring/*management* agreement makes reference to the deed of conditions, but does not replace it. Whilst the deed of conditions for a property remains constant no matter who becomes the owner, each new Owner must sign a new factoring agreement. The deed defines the common parts, rights of access, provision for maintenance and share of repair costs to be met by each Owner.
- 2.2 In addition the Association will *request* that each Owner who will be receiving a factoring service signs a factoring/*management* agreement. The factoring/*management* agreement will set out the full terms of the factoring service.

3.0 Responsibilities For Service Provision

- 3.1 The Housing Manager has the primary responsibility for the factoring service within the Association. However, the Association’s Housing Assistant provides the day-to-day administration of the service.
- 3.2 In exercising this responsibility, the Housing Manager will liaise closely with the Finance Assistant and the Technical Officer.
- 3.3 The Housing Manager will submit regular reports on the provision of factoring services to the Management Committee.

4.0 The Factoring Service

To enable the Association to provide a comprehensive and high quality factoring service, the following will be undertaken:

4.1 Inspections

The common areas of the property will be inspected every six months in order to determine the condition in relation to the proposed cyclical/planned maintenance programme. The maintenance programme may be updated when inspection reveals a more rapid deterioration or may be deferred should the fabric/component be wearing better than expected.

With reactive repairs, pre-inspections are carried out as required in order to accurately determine the work necessary. 10% Post inspections will be carried out for communal repair to ensure satisfactory completion and a good quality standard of work has been achieved before charges are invoiced.

4.2 Maintenance

The Association implements a maintenance policy, which complies with Communities Scotland and SFHA guidelines.

The cyclical maintenance programme will be determined by the information gained from the annual property inspections. All work will be carried out in accordance with the Association's maintenance and sustainability policies.

4.3 Contractors Selection

Contractors will be selected in accordance with the Association's procurement policy and procedures. Contractors' performance is regularly monitored by the Association's maintenance staff to ensure that service and quality of work are of a high standard and represent value for money. Appointments are reviewed every two years by the Management Committee to ensure costs remain competitive but consistent with a high quality of service.

4.4 Insurance

The Association will insure the property 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. Owners are *requested* 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 factoring charge. Sharing/Owners will be liable for any excess payable.

Sharing/Owners should note that cover does not include personal effects, furniture, fittings etc and it is their responsibility to ensure that they are adequately covered in this respect by household contents insurance.

On request Sharing/Owners will be provided with a summary cover note of the Association's building insurance each year.

4.5 Costs

Accounts will be issued six monthly and will comprise the following: -

- a) Service Charges e.g. Lighting, Landscape Maintenance, Close Cleaning (if applicable)
- b) The Association's Management/*Administration* Fee (including buildings insurance)
- c) *Deposit/Building Reserve Fund payable by Sharing/Owners covered by a factoring agreement*

Along with accounts rendered will be a schedule detailing repairs carried out during the period.

Repair costs will be apportioned according to the share shown in the Deed of Conditions and where this is silent reference will be made to the Factoring Agreement and/or the Tenements (Scotland) Act 2004.

Accounts from private contractors will be available for inspection at the Association's offices for a period of fourteen days following the issue of accounts.

4.6 Payment of Accounts

Owners will receive their factoring accounts in March of each year. This will detail the cost of the service costs, management/administration fees, *deposi/float*, building insurance and management costs. Owners will be able to pay their accounts either by direct debit or through the allpay service.

Accounts will fall due for payment within fourteen days of issue. Statements of account will be issued *quarterly*, normally 1st May, 1st August, 1st November and the 1st February.

4.7 Arrears

The Association will adopt a flexible and reasonable approach to ensure that arrears are minimised and the outstanding debts are recovered.

Accounts that remain unpaid may be subject to an additional recovery fee plus any legal fees incurred in recovering the debt.

5.0 Repairs

Individual repairs to the property will be the responsibility of each owner.

5.1 Defects Liability in relation to New or Refurbished Properties

Defects, as defined in the Association's defects policy and procedures, are usually the responsibility of the contractor.

Defects are not repairs that arise through accident, negligence, wilful damage or any other external factors, which could not reasonably be deemed to be the responsibility of the contractor.

Where defects arise, they should be reported immediately to the Association who will inform the contractor. The contractor will attend to defects at their own expense and within the Association's maintenance response timescales as detailed below in section 5.2.

Prior to the expiry of the defects liability period each property will be inspected to establish whether any other defects exist which require the contractors' attention.

Sharing/Owners will be notified in writing of this visit.

5.2 Nature of Works and Procedures

The nature of works required/requested may be subdivided

- Emergency

All emergency works will be carried out where circumstances are considered dangerous or seriously detrimental to the safety of the property and/or person. Works will be carried out immediately without prior notification or consultation of residents

Upon Forth Housing Association being invoiced for these works by the contractor *Sharing/Owners* will be billed for their individual share of the works.

- Minor/Routine

All works which are not considered detrimental to the safety of the property and/or person but which are necessary to maintain the property in good order, safe, and free of potential hazards.

Where an individual's share is estimated to be

- below £50.00 (excluding VAT) these will be instructed without prior notification or consultation with *Sharing/Owners*
- in excessive of £50.00 (excluding VAT) *Sharing/Owners* will be informed in writing that a repair has been instructed.

Upon Forth Housing Association being invoiced for these works by the contractor *Sharing/Owners* will be billed for their individual share of the works.

- Work to Safeguard the long Term Future of the Property (e.g. Cyclical Painterwork)

Sharing/Owners will be written to in advance of the works proceeding and advised of the nature of the works, an estimated cost, and their share. A mandate will be signed giving authority for the works to proceed.

Where an individual's share is estimated to be in excess of £250.00 (exclusive of VAT) a deposit of £50.00 will be required. The outstanding balance will be invoiced to the Sharing/Owner upon the completion of the works and agreement of the Contractor's final account.

- Works to Improve the Common parts of the property (e.g. Door Entry System)

Sharing/Owners will be consulted on the proposed works. Where an "in principle" agreement is reached for the works to proceed Forth Housing Association will seek quotes/estimates;

£1.00 - £1000.00 excluding VAT	no estimate/quote required
£1001.00 - £3000.00 excluding VAT	three written estimates/quotations
£3001.00 and above excluding VAT	NJCC Procedures

Sharing/Owners will then be written to advising of the nature of the works, the estimated cost, and their share. Prior to any works commencing each Sharing/Owner must

- sign a mandate giving authority for the works, and,
- make payment in full of their share of the works.

- Major Repairs (e.g. Dry Rot)

A meeting will be convened of all Sharing/Owners. The meeting will be advised of the nature of the works, the need to carry out these works and the position with insurance. Where a majority agrees of the works progressing Forth Housing Association will oversee the administration, instruction and supervision of these works.

Sharing/Owners will subsequently be written to advising of the nature of the works, the estimated cost, and their share. The Sharing/Owner will require to

- sign a mandate giving authority for the works
- pay a 10% deposit of their share, and,
- sign a payment plan for the outstanding balance. The outstanding balance will be invoiced to the Sharing/Owner upon the completion of the works and agreement of the Contractor's final account.

Where there is no majority in favour of the works being undertaken Forth Housing Association will apply to Stirling Council Building Control for a Statutory Notice to be placed on the property.

5.3 Right Of Access

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.

Except in emergencies, three days notice will normally be given.

5.4 Emergencies

This refers to repairs necessary to prevent serious damage to the building, danger to health, risk to safety, risk of serious loss or damage, or serious inconvenience to the occupier or occupier's property. For example:

- Electrical supply to the property, excluding the mains supply and meter which is the responsibility of the service provider.
- Gas supply to the property, excluding the mains supply pipe work to/and the meter which are the responsibility of TRANSCO
- Internal water supply to the house, excluding the pipe work and mains supply, which is the responsibility of Scottish Water.
- Blocked drains within the property line
- Security of property
- Access to property

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 Associations approved contractors contained in Appendix 1. This list of contractors may be amended from time to time and any amendments will be notified to Owners.

5.5 Cyclical Maintenance

Cyclical maintenance provides for the regular maintenance of the fabric of the building, e.g. painting of close doors, external faces of window frames, cleaning of guttering, etc.

5.6 Common Areas

It is each Owners responsibility to maintain the common areas, e.g. close, stairs, landing, back courts, gardens, grounds etc unless there is an agreement for these services to be provided on behalf of the Owners by the Association.

In the absence of such an agreement, if an owner fails to discharge their responsibility to maintain the common areas, the Association will be entitled to arrange for the necessary work to be carried out and levy a charge on the Owners

5.7 Services

Sharing/Owners may request that the Association arranges to have services carried out.

The Association will obtain competitive quotations (unless in the case of an emergency) and submit these to the Owners for approval.

The consent of the majority of *Sharing*/Owners is required before new services can be implemented.

The provision of statutory services out with the control of the Association, e.g. stair lighting, landlord supplies, will not be subject to competitive quotations and these will therefore be charged at cost to Owners.

6.0 Works To Owners Properties And The Recovery Of Costs

It is the Association's policy in undertaking improvements and repairs to their properties to afford owners the opportunity of participating in any works programme where this is deemed appropriate. Where the Association agrees to manage the works the following procedure will apply;

6.1 Funding

The cost of participating in any improvement and/or repairs programme shall be funded wholly at the *Sharing/Owners* expense and shall not be subsidised by the Association with the exception of clause 6.0, section 6.2.

6.2 Calculation of Costs

Where an Owner indicates an interest in participating in the proposed works the Owner shall be advised of the anticipated cost based on the accepted tender.

Added to the amount of the anticipated cost shall be a proportion of consultants' fees, planning and building warrant charges, where applicable, and an allowance of 5% to cover the Association's administrative costs.

Where additional works are required as a result of participating in the improvement and/or repair programme these shall be funded by the *Sharing/Owner*, who shall be advised in writing of the required works and the estimated additional cost.

The actual cost to be charged to an Owner shall be based on the final account, their proportion of consultant's fees, planning and building warrant charges where applicable and an allowance of 5% to cover the Association's administrative costs

6.3 Recovery of *Sharing/Owners*' Costs

Work to *Sharing/Owners*' properties shall not commence until the Association has received payment of the full amount as detailed below, together with a signed mandate authorising the Association to undertake the works.

Prior to work commencing each Owner shall pay to the Association the amount of the anticipated works cost, their proportion of consultants fees, planning and/or building warrant charges, where applicable, and the Association's administrative charge together with a contingency equal to 10% of the anticipated works cost.

Such amounts received by the Association shall be placed in a suspense account, which shall be drawn upon to meet interim and final certificates as they fall due. Once the account has been finally reconciled any overpayments will be refunded to the relevant Owners.

6.4 Accountability

The Association will liaise with the contractor on the works programme on behalf of the *Sharing/Owner*. The Association shall therefore remain accountable to the Owner and shall maintain records for each Owner detailing monies received against expenditure.

Details of *Sharing/Owners'* accounts shall be made available to them on request with a full statement of account being provided on agreement of the final account.

7.0 **Consultation, Liaison & Information**

7.1 The Association will ensure that appropriate information on the factoring service is issued to Owners in a variety of ways, including letters and items in Association newsletters.

7.2 The Association will consult and liaise with owners as required on repairs or maintenance work, the individual cost of the work required will exceed £50.

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

7.4 Prior to purchase, potential Owners will be given clear information about the responsibilities of being an owner, including repair and maintenance obligations and indications of costs, where possible.

7.5 After missives have been concluded detailed information will be issued to the Owner *from the relevant Housing officer* including:

- Factoring Agreement,
- Information on the Factoring Policy.
- *Deposit/Building Reserve Fund*

8.0 **Terminating The Factoring Agreement**

8.1 The Association will retain the right to provide factoring services until such times as all adjoining houses and/or shops/properties are in private ownership.

8.2 The Association retains the right to transfer their rights and obligations under this factoring agreement to a third party to act as Factor, should the Association, in its sole discretion deem it appropriate.

9.0 **Disputes**

9.1 Neighbour Disputes

Sharing/Owners are expected to conduct themselves in a manner, which does not cause annoyance or nuisance to their neighbours and in accordance with statute, local byelaws and the deed of conditions.

Any breaches of statute or conditions laid down in the Deed of Conditions should be referred to Forth Housing Association Ltd for advice or intervention as required. This will not, however, prejudice the right of any *Sharing/Owner* to take such legal action as they see fit.

10.0 Data Protection

- 10.1 When implementing the policies and procedures of Forth Housing Association all staff and committee members must adhere to and be aware of the requirements of the Associations' approved Confidentiality Policy and the Data Protection Act 1998. In situations where there may be any doubt about the requirements of the Data Protection Act 1998 it is recommended that the Association seeks the views of its legal advisors.

11.0 Equal Opportunities

- 11.1 Forth Housing Association believes that certain sectors of the population are disadvantaged by individual and group values, as well as by organisational structures. Forth Housing Association seeks to avoid all such forms of discrimination by ensuring that there will be no discrimination on the grounds of race, colour, nationality (including citizenship), ethnic or national origins, religion, social background, disability, marital status, responsibility for children or dependants, gender, age or sexual orientation.

12.0 Complaints

- 12.1 The Association aims to ensure that the service provided to residents is of the highest quality. If this is not the case, a Complaints Policy and Procedure is established to allow all residents or affected parties to state their grievance. The Scottish Public Services Ombudsman is the final stage of this process.

13.0 Review Period

- 13.1 This Policy/Procedure will be reviewed five years from the date of approval.
- 13.2 Consideration will also be given periodically to any changes in legislation, good practice or operational changes, which may affect the content.