

## ***PARAGON HOUSING ASSOCIATION LIMITED***

<b>POLICY:</b>	<b>FACTORING POLICY</b>
<b>POLICY AREA:</b>	<b>FINANCE AND INVESTMENT</b>
<b>DATE APPROVED:</b>	<b>13<sup>th</sup> July 2022</b>
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### **Contents**

1. Introduction
2. Aims
3. Objectives
4. The Legal Framework
5. The Scottish Social Housing Charter
6. Definitions
7. Appointment of Factor
8. Dismissal of Factor
9. Sale of Property
10. Written Statement of Service
11. Annual Statements
12. Open Space Areas & Common Areas in Flatted Properties
13. Repairs fund for Flatted Properties
14. Repairs and Maintenance
15. Contractor Selection
16. Costs and Changes
  - Management and Administration Charges
  - Insurance
  - Invoicing
17. Debt Recovery Procedures
18. Neighbour Disputes
19. Complaints
20. Equal Opportunities
21. Data Protection
22. Communications
23. Training
24. Monitoring
25. Review of the Policy
26. Related Policies
27. External Links

### **1. Introduction**

The Association offers a factoring service to homeowners whose properties

fall within its areas of operation. It is committed to providing an efficient and effective factoring service, which will encourage good relations with homeowners and ensure that all properties, common areas and open space areas are adequately maintained.

The Association's operation of the factoring service reflects the Property Factors (Scotland) Act 2011 and the Code of Conduct referred to in section 14 of the Act. The Association is a Registered Property Factor - Registration No PF 000282.

## **2. Aims**

It is the aim of the Association to encourage participation from homeowners in matters which affect them and their communities. It will include them in discussions which affect them.

## **3. Objectives**

- To comply with the Property Factors (Scotland) Act 2011
- To adhere to the Revised Property Factors Code of Conduct issued January 2021.
- To ensure the efficient and effective upkeep of all the Association's properties and common parts;
- To plan for, arrange and oversee a programme of cyclical planned maintenance of the factored flats.
- To instruct any minor repairs up to a sum of £50 (or sum to be agreed after consultation/annual review) per share of repair to an individual owner without reference to the homeowners in affected building.
- To instruct and oversee major repairs when approval has been obtained from the majority of homeowners.
- To insure the flatted properties at full rebuilding value.
- To apportion costs for common repairs and send accounts on a half yearly basis covering periods January to June and July to December.
- To provide other such services as may be agreed between the Association and the owner occupiers.
- To ensure homeowners are consulted on and informed about issues, policies, procedures and responsibilities.
- To regularly monitor and evaluate all aspects of the factoring service and review policies and procedures as required.

## **4. The Legal Framework**

The Association will ensure that it conducts its business in a manner that complies with all relevant legislation.

The following legislation relates to and will be complied with and utilised to address any inconsistencies or gaps in title deeds:

- Title Deeds
- Property Factors (Scotland) Act 2011
- Tenements (Scotland) Act 2004
- Title Conditions (Scotland) Act 2003
- Code of Conduct for Property Factors, revised January 2021

## 5. The Scottish Social Housing Charter

The Scottish Social Housing Charter (The Charter) was approved by resolution of the Scottish Parliament on 14<sup>th</sup> March 2012 and came into effect from 1<sup>st</sup> April 2012.

It contains a total of 16 outcomes and standards that social landlords should aim to achieve. The Association's staff will work in partnership with other appropriate agencies to meet these outcomes and standards.

This policy is designed to comply with the Scottish Social Housing Charter (The Charter).

The Association will ensure that it complies with the Scottish Housing Regulator (SHR) Regulatory Framework for social housing and guidance for monitoring the Association's performance in achieving the outcomes and standards in the Charter.

## 6. Definitions

The Association uses the following definition of Factoring:

- **Factoring:** a property management service offered to property owners to co-ordinate and carry out work on their behalf, usually in respect of repairs, improvements, maintenance, insurance and administration. Factoring services and responsibilities may relate to areas of common land or space as well as specific properties.
- **Factor:** the agent appointed by property owners to carry out a factoring role.
- **Tenement:** a building which comprises two or more flats in separate ownership and divided from each other horizontally and including any land attached to that building (e.g. gardens, back courts).
- **Flat:** a dwelling-house in a tenement
- **Deed of Conditions:** This legal document describes the obligations and arrangements for common parts, repairs, services, proprietors meetings, factoring appointments, cost apportionments, cost charges and recovery of costs.
- **Tenement Management Scheme:** This was introduced in the Tenements Scotland Act 2004. It is a default management scheme which ensures that every tenement in Scotland - existing and built in the future - have proper rules for maintenance and management. If existing

tenements have defective title deeds or if their title deeds are silent on a particular matter, the rules of the Tenement Management Scheme will be applied to them. Thus, if the title deeds say how expenditure is to be apportioned, but the shares do not add up to 100%, the Tenant Management Scheme will supersede what is in the title deeds, but if the title deeds make proper provision for the allocation of costs, they will prevail.

If the title deeds do not make any provision on decision making by homeowners, a majority of homeowners will be able to take decisions.

## **7. Appointment as Factor**

In estates with open space areas and in tenement buildings the role of Factor shall be filled by the Association unless the majority of homeowners wish to engage a new factor. There will be one vote per property in the block or estate.

However, the minority who vote against the appointment of a factor will nevertheless be obliged to pay their shares of the fees.

## **8. Dismissal Of Factor**

Dismissal of the factor can be done by a two-thirds majority vote of owners in the relevant factored block or estate.

## **9. Sale of Property**

Homeowners must notify the Association when they sell or dispose of property factored by the Association, together with the date of change and the identity of the new owner and the new owners solicitor's details. Homeowners should give the Association one month's notice of sale.

The Association will inform the seller's solicitor of any outstanding costs so that at settlement, any balances can be cleared.

Homeowners must inform the new owner that the property is factored and that the Association is the Factor.

New homeowners will be issued with a Homeowners Pack:

- Written statement of Factoring Service
- Homeowners Guide
- Emergency Repairs Procedure and contact numbers.

In the event that the property is to be let the homeowner will be asked to provide the Association with a contact address.

#### **10. Written Statement of Services**

In accordance with the Code of Conduct for Property Factors the Association will provide each owner with a written statement setting out, in a simple and transparent way, the terms and service delivery standards of the arrangement in place between the Association and the homeowner.

The statement will contain the Association's Property Factor Registration Number. The statement is not intended to be a legally binding agreement.

The Association will provide the written statement:

- to any new Homeowners when the Association agrees to provide services to them;
- at change of ownership of a property which the Association already factors;
- if there are any substantial changes to the terms of the written statement.

Any other interested homeowners may approach the Association to act as their Factor.

#### **11. Annual Statements**

An annual statement listing invoices issued and payments received shall be issued to homeowners at the end of the financial year.

#### **12. Open Space Areas & Common Areas in Flatted Properties**

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

##### **Inspection of Open Space Areas & Common Areas**

The open space areas within the estate and the common areas in flatted properties will be inspected in accordance with the Association's Estate Management Policy. The maintenance programme may be updated if it is found work is required.

##### **Common Areas in Flatted Properties**

Under the terms of the Deed of Conditions of the property it is each owner's responsibility to maintain the common areas e.g. close, stairs, landing and back court area.

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 recharge the owner.

If reactive repairs are required, unless in an emergency, pre-inspections will be carried out in order to accurately determine the exact work. Post inspections will be carried out to ensure satisfactory completion and a good quality standard of work has been achieved before charges are invoiced.

Homeowners in flatted properties covered in the insurance scheme have no need to purchase their own building insurance. However, this does not include personal effects, furniture, fittings etc. and it is their responsibility to ensure that they are adequately covered by a Household Contents Insurance Policy.

The Association will arrange meetings on the factoring service with homeowners as required or in response to a request from homeowners.

### **13. Repairs Fund For Flatted Properties**

The Association acquired the majority of its housing stock from Scottish Homes through large scale voluntary transfer. Scottish Homes had introduced a compulsory Factoring Service for all those purchasing flats after December 1988 in order to ensure that flats were properly maintained and insured. The Association took over this Factoring Service when the stock transferred.

All homeowners in flatted properties who joined the compulsory Factoring Scheme either through the Scottish Homes' scheme or have joined through purchasing their flat from the Association must make a contribution to the repairs fund. This represents a 'float' and will be used towards the cost of repairs the Association has to pay before the first account is sent to homeowners. The amount to be charged is £30.00 and will be subject to periodic review.

In the event of an owner selling a flat they will be entitled to recover the sum deposited less any outstanding money due in respect of the property.

### **14. Repairs and Maintenance**

The Association's staff will carry out regular inspections to identify if any repairs or maintenance is required to either estate open spaces or in the case of flatted properties the block common parts.

The Association, its authorised representatives and contractors will have the right to access to the whole property including individual houses where this is required for inspection, or to carry out a repair to common parts or services; or to prevent damage to the property.

### Emergencies

Emergencies shall be defined as circumstances or situations which are considered dangerous or seriously detrimental to the safety of the property or persons. Repairs in this category must be responded to within two hours to make them safe. Where the repair cannot be completed immediately (e.g. the weather makes it too dangerous to work) the follow up repair will be ordered as an urgent or routine repair in accordance with the Association's Repairs and Maintenance Policy.

The following are examples which demonstrate an emergency repairs situation:

- The effect of a fire where the tenant or property may be at risk.
- Escape of water within a building.
- Immediate danger due to damage or deterioration of the fabric of a building e.g. crumbling chimney stack.
- Storm damage to trees in open space areas which could be dangerous to members of the public or cause damage to property if left unattended.
- Making safe glazing in high risk areas e.g. certain common areas in flats.

Under Jobbing Repair Contracts (JRW), emergency calls incur a higher charge. Such repairs will be instructed out with normal procedures and without recourse to the homeowners.

In the case of an emergency, if necessary, homeowners are required to provide immediate access to their property. All emergency works will be charged to homeowners through the normal factoring accounts.

Procedures are in place which allows homeowners to notify the Association of any repairs or maintenance issues. Staff will inform homeowners of the estimated timescales for completion of any work.

An owner can only be required to participate in maintenance work if the title deeds place them under an obligation to do so. For work to common parts of flatting property, the disposition details the parts which are common and identifies the basis on which each owner's share is calculated.

Homeowner will not always be notified in advance of minor repairs or maintenance works. If a homeowner's share of the cost estimated to be

below £50 per share of repair, no advance notification will be given. The only exception to this will be in the case of homeowners in the flatted properties who will be advised of all works in respect of which they may be able to make an insurance claim.

If the cost of any maintenance works is likely to exceed more than £50 per share of repair to an individual owner, the Association will consult with all homeowners affected to discuss the work, why it is necessary and the estimated cost. The Association will discuss the options for carrying out the work with the homeowners.

Homeowners will be given details of the work to be carried out and the reason it is necessary, the contractor who will carry out the work, the likely duration and the estimated cost per owner. The commitment to notify homeowner of works likely to cost over £50 per share of repair relates only to individual items of work.

If a majority vote is received to proceed this will be binding on any owner who does not vote.

The Association's approved contractors will carry out the work.

In accordance with the Deed of Conditions owner occupiers are expected to pay a share of maintaining common outlays. These are:

- Work required to maintain the common parts of a building e.g. repair to a roof.
- Work required to maintain essential services e.g. clearing a blocked soil pipe.
- Other maintenance work within or out with the curtilage for which homeowners are obliged under their title to participate e.g. bin store repairs or the relaying of an estate footpath (not adopted by the Local Authority)

Maintenance relates to the repair or replacement of existing items - roofs, common chimneys - footpaths etc. If an item requires to be renewed it will be replaced like with like or with similar materials.

## **15. Contractors Selection**

Contractors will be selected in accordance with the Association's Procurement Policy and procedures. Contractor's performance is regularly monitored by the Association's staff to ensure that service and quality of work are of a high standard and represent value for money.

## **16. Costs and Charges**

### ➤ Management and Administration Charges

The Factoring Services to homeowners forms an important part of the Association's business to ensure that all properties and common areas are adequately maintained.

It is essential that the services are well managed and that the cost of providing it is recovered from homeowners.

#### ○ Management Fee

The management fee is applied to all owner occupiers who live in a tenement building and have joined the flatted factoring service for tenement buildings. The charge will be reviewed periodically in line with inflation or changes in the cost of service provision.

The charge will be levied in two six monthly charges:-

Period 1:	1 April - 30 September.
Period 2:	1 October - 31 March

The annual charge for the Management Fee is £55.00. The sum and frequency charged will be reviewed annually and any amendments will be applied at the start of the next financial year. Homeowners will be notified of any changes four weeks prior to introduction.

Accounts issued in April will be accompanied by a letter advising all homeowners, who are due to pay the management fee, regarding any increase.

#### ○ Administration Charges

Owners in cottage type accommodation and flat owners not in the flatted factoring service for tenement buildings will be charged an Administration Fee of £3 where the amount invoiced is below £20. Above £20, a fee of 15% of the cost of works will be charged.

Flat homeowners in the flatted factoring service for tenement buildings have no additional charges for the administration costs involved in providing the services to homeowners. They will only be charged an annual Management Fee of £55. (as indicated above)

The level of Administration Charges will be reviewed annually and any amendments will be applied at the start of the financial year. Homeowners will be notified of any changes four weeks prior to commencement.

Where major contract work has been carried out and homeowners are liable to pay in excess of £250 as their share of the costs, the Association may decide to issue accounts immediately on completion of the contract. This will depend on the amounts and number of homeowners involved.

➤ Insurances

The Association will have and maintain, adequate professional indemnity insurance.

The Association will insure flatted properties for homeowners who have elected to have building insurance from the Association for the 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 and at an appropriate level of cover. Homeowners within flatted properties who purchase their home from the Association are initially required to participate in this insurance scheme.

This cover does not include owner's personal effects, furniture, fittings etc. and it is their responsibility to ensure that they are adequately covered in this respect by household contents insurance.

Homeowners within flatted properties who later elect to purchase their own building insurance are required to obtain permission and provide evidence to the Association of insurance cover annually.

➤ Invoicing

Accounts will be issued twice yearly and will comprise of the following:

1. The Association's Management Fee
2. Service charges e.g. Lighting, Landscape Maintenance, Close cleaning (if applicable)
3. Details of any work carried out during the period.

The frequency of accounts being issued will be reviewed annually.

Repair costs will be apportioned according to the share shown in the Deed of Conditions.

Any disputes regarding work detailed on the invoice should be raised with the Association within 10 days of the date of the invoice. All other non-disputed charges will remain due.

#### **17. Debt Recovery Procedures.**

A major priority will be recovery from homeowners of charges they are legally obliged to meet. Failure to do this will result in income from tenants' rents being used to subsidise services to homeowners and this situation will not be acceptable to the Association and its tenants.

The Association's procedures details the actions to be taken by staff to recover from homeowners the charges they are legally obliged to meet.

Staff will provide homeowners with contact details for agencies which provide money advice in the event of them experiencing difficulty in payment costs and charges.

Continued failure to pay or make or keep a satisfactory arrangement will result in the debt being passed to a collection agency for recovery.

Legal action for debt recovery will be taken where necessary. Any additional costs incurred by the Association on recovery will be added to the original sum.

Where a homeowner has an outstanding debt and it considered that there is a high risk that the owner will not clear the debt in a reasonable time, a notice of potential liability will be recorded on the property title. The Finance and Investment Manager will make the final decision as to the perceived risk in each instance.

Where appropriate, facilities for payments by agreed instalments will be offered to homeowners.

#### **18. Neighbour Disputes**

Residents are expected to conduct themselves in a manner which does not cause annoyance or nuisance to their neighbours and in accordance with statute and local byelaws.

The Association's staff will investigate complaints in accordance with our

Neighbour Disputes and Anti-Social Behaviour Policy.

## **19.Complaints**

The Association is committed to providing high-quality customer services. It accepts that despite the best efforts of staff, problems may arise from time to time. If its customers feel dissatisfied with its policies, the way these are implemented or the level and quality of service provided, they may wish to make a complaint.

Should such a situation arise staff are committed to investigating the matter fully and ensuring a satisfactory solution is achieved as quickly as possible.

The Association's Complaints Handling Procedure sets out our approach to handling complaints.

Details of our Complaints Policy can be obtained from the office or from our website.

### **Homeowner Housing Panel**

If an owner is still dissatisfied after the complaint has been fully investigated with the Association's decision or the way the complaint was dealt with they can access the Homeowner Housing Panel (HoHP).

An application to the HoHP must be in writing. An application form can be downloaded from their website or requested from the HoHP office. The attachments which must accompany the application form are as follows:

1. evidence that the homeowner has notified the Association as property factor of the complaint and that the Association has refused to resolve the complaint or has unreasonably delayed resolving the complaint;
2. copies of any correspondence which the homeowner has sent and received from the Association as property factor regarding the complaint, including the Association's response to notification of the complaint; and
3. a copy of any Statement of Services provided by the Association as property factor.

## **20.Equal Opportunities**

The Association aims to promote equal opportunities and will ensure that its staff act in a manner which will not discriminate against any individual, household or group on the grounds of any of the nine protected characteristics set out in the Equalities Act 2010. These are:

- Age
- Disability
- Gender Reassignment

- Marriage and civil partnership
- Pregnancy and maternity
- Race
- Religion and belief
- Sex
- Sexual orientation

We recognise our pro-active role in valuing and promoting diversity, fairness, social justice and equality of opportunity by adopting and promoting fair policies and procedures. We will check this policy and associated procedures regularly for their equal opportunity implications, taking appropriate action to address inequalities likely to result or resulting from implementation of the policy and procedures. We are committed to providing fair and equal treatment to all and will not discriminate against any on the grounds of race, colour, ethnic or national origin, religion, age, gender sex, sexual orientation, marital status, family circumstances, employment status or physical ability.

## **21.Data Protections**

The Property Factors (Scotland) Act 2011 requires that the Association provides information to the Scottish Government on the properties to which they provide factoring services. This will result in certain information being published and available to the public.

## **22.Communications**

Communication with homeowners will take place in a variety of forms, including:-

- Correspondence and telephone calls
- Email
- Information on Paragon's Website
- Meetings with individuals, as required
- Consultation events
- Consultation and notification letters
- Surveys
- Liaison with residents groups
- Notification and consultation letters on work required

## **23.Training**

The Association will ensure members of staff and contractors used are familiar with the duties and requirements imposed by the code of Conduct.

## **24.Monitoring**

The Association will establish a clear monitoring system to ensure the effective working of this policy.

It will comply with the Scottish Government guidance on registration as a Factor and maintenance of the properties and land portfolios.

The Association will also ensure that it complies with the Scottish Housing Regulator (SHR) Regulatory Framework for social housing and guidance for monitoring the Association's performance in achieving the outcomes and standards in the Charter.

## **25. Review Of The Policy**

This policy has been reviewed (January to May 2021) following publication of the revised Code of Conduct in January 2021. However, it is anticipated that a further review will be undertaken in the final 6 months of 2021/22 with the emphasis being on sections 10 to 17 of the Policy:

if there are any changes in legislation, good practice or operational changes or customer feedback which may affect the content of the policy the review may be undertaken earlier.

## **26. Related Policies**

- Equal Opportunities Policy
- Estate Management Policy
- Complaints Policy
- Procurement Policy
- Rechargeable Repairs Policy
- Sundry Debtors Policy
- Neighbour Disputes and Anti-social Behaviour Policy

## **27. External Links**

Further information on the Property Factors (Scotland) Act 2011 and the Code of Conduct can be viewed on the Scottish Government website:-

<http://www.legislation.gov.uk/asp/2011/8/contents>  
<http://www.scotland.gov.uk/Publications/2012/07/6791>

Contact information for the Homeowner Housing Panel:-

Address: Europa Building  
450 Argyle Street  
Glasgow  
G2 8LH

Telephone: 0141 242 0175  
Fax: 0141 242 0141  
Email: [hohpadmin@scotland.gsi.gov.uk](mailto:hohpadmin@scotland.gsi.gov.uk)  
Website: <http://hohp.scotland.gov.uk>  
Open hours: 9:00 am to 5:00 pm, Monday to Friday.