

<b>Date Issued</b>	November 2021
<b>Department</b>	Corporate
<b>Title</b>	Factoring Services
<b>Objective</b>	<b>To ensure that we comply with The Property Factor (Scotland) Act 2011 and the Property Factor Code of Conduct</b>
<b>Responsible</b>	Director of Housing
<b>Next Review Date</b>	November 2026

### 1.0 Introduction

1.1 Factoring is a property management service offered to owners, to coordinate and carry out work on their behalf. Factoring Services pertain to the maintenance of common land or space, as well as to common parts of a specific property. The Property Factor is the agent appointed by owners to carry out the factoring role.

1.2 East Lothian Housing Association is registered as a Property Factor with the Scottish Government, registration number PF000386. We provide Factoring Services to around 70 properties which comprise:

- Shared Ownership (or fully owned “staircased”) units where we provide a service (other than Buildings Insurance) to the Sharing Owners
- LSVT properties where we still own the majority of the properties in the area (Whitecraig)
- Fully owned units on mixed tenure developments where we own the majority of the units (The Waggonway, Tranent)

We also factor areas of ground within factored developments which have not been adopted by the local authority.

1.3 Our Factoring Services normally include:

- The provision of Written Statements of Services
- Maintenance of communal areas and property

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- Raising and collection of charges from owners for services and occasional common repairs

1.4 Procedures have been provided for staff to ensure that we meet our legal obligations as a property factor.

### **2.0 Policy Aims**

2.1 We aim to:

- Provide an efficient Factoring Service to all those owners at Section 1.2, ensuring that parts owned in common are both satisfactorily maintained and adequately insured (where applicable)
- Ensure value for money is obtained for both us and Owners, keeping the cost of providing Factoring Services to a minimum whilst still meeting the aims of the service and protecting the homeowners' funds in the process
- Ensure that all relevant costs are identified, accounted for and recovered and when we encounter debt recovery issues we will use all available legal remedies open to us as factor
- Encourage Owners to participate in the factoring processes and decisions affecting their property
- Consult and inform owners on issues, policies, procedures and responsibilities that affect them

### **3.0 Legal Framework**

3.1 We comply with the Property Factors (Scotland) Act 2011 which came into force on 1<sup>st</sup> October 2012 providing protection for homeowners who engage with a registered Property Factor. It defines what is meant by the term "Property Factor" and places a duty on all Property Factors to:

- Apply to be entered onto a register of Property Factors held by Scottish Ministers
- Comply with a Property Factor Code of Conduct (revised 16 August 2021) which requires us to update our registration annually and to provide a Written Statement of Services to each factored property
- The Code of Conduct also sets out a dispute resolution mechanism for homeowners

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It is a criminal offence punishable by a fine or imprisonment to operate as a Property Factor without being registered.

3.2 We will comply with the Overarching Standards of Practice set out in the Code of Conduct for Property Factors and will:

- Conduct our business in a way that complies with all relevant legislation
- Be honest, open, transparent and fair in our dealings with homeowners
- Provide information in a clear and easily accessible way
- Not provide information that is deliberately or negligently misleading or false
- Apply our policies consistently and reasonably
- Carry out our services using reasonable care and skill and in a timely way, including by making sure that staff have the training and information they need to be effective
- Not unlawfully discriminate against a homeowner because of their age, disability, sex, gender reassignment, being married or in a civil partnership, being pregnant or on maternity leave, race including colour, nationality, ethnic or national origin, religion or belief or sexual orientation
- Ensure all staff and any sub-contracting agents are aware of relevant provisions in the Code and our legal requirements in connection with our maintenance of land or in connection with the management of common property
- Maintain appropriate records of our dealings with homeowners
- Ensure we handle personal information sensitively and in line with legal requirements on data protection
- Respond to enquiries and complaints within reasonable timescales and in line with our Complaints Handling Procedure

3.3 We comply with the following legislation:

- Abolition of Feudal Tenure Etc. (Scotland) Act 2000
- Title Conditions (Scotland) Act 2003

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- Tenements Act 2004
- Housing (Scotland) Act 2006
- Housing (Scotland) Act 2014
- Data Protection Act 1998 & 2018
- Equality Act 2010

3.4 We aim to fully comply with the Scottish Housing Regulator's Social Housing Charter Indicators which support the requirements of the Scottish Social Housing Charter (introduced by the Housing (Scotland) Act 2010), and in particular, the following outcomes:

Equalities	Social landlords perform all aspects of their housing services so that 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
Communication	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
Participation	Tenants and other customers find it easy to participate in and influence their landlord's decisions at a level they feel comfortable with
Repairs, Maintenance and Improvements	Tenants' homes are well maintained, with repairs and improvements carried out when required and tenants are given reasonable choices about when work is done
Value for Money	Tenants, owners and other customers receive services that provide continually improving value for the rent and other charges they pay
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, and tenants get clear information on how rent and other money is spent, including details of any individual items of expenditure above thresholds agreed between landlords and tenants

### 4.0 Responsibility for Factoring

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- 4.1 The arrangements for the management and maintenance of common property are normally determined by Title Deeds or Deeds of Conditions and detailed in the Sharing Owner Exclusive Occupancy Agreement. The authority for ELHA to act as factor is also found in the Deeds.

Title Deeds - are proof of ownership of land and buildings and contain various rules that apply to the building. They will normally outline the rights and responsibilities each owner has for their own flat and their shared responsibilities for the tenement.

Deed of Conditions - apply to most new properties and contain various rules which can apply to both an individual house and flat. For example, conditions such as use of the property, how decisions about how common repairs will be made and division of responsibility.

Exclusive Occupancy Agreement - is a signed agreement between a Sharing Owner and the Association and sets out the obligations of both parties, for example, obligations to maintain and repair the property, pay an occupancy charge and pay for services.

- 4.2 The Director of Housing is responsible for the Factoring Services within the Association. However, operational duties are dealt with as follows:
- Estate Management and general owner liaison - Housing Team
  - Financial Inclusion Services - Housing Team
  - Repairs & Maintenance - Asset Management Team
  - Accounting, invoicing, buildings insurance - Finance Team

## 5.0 Factoring Services Provided

### 5.1 Services and Maintenance

We currently arrange the following services on behalf of Owners / Sharing Owners (please note that not all services will apply to all properties):

- Stair and communal area cleaning
- Communal bins cleaning
- Stair and Courtyard lighting
- External painting

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- Replacement floorcoverings in common stairs
- Buildings Insurance (see section 5.2)

We used to own and maintain the shrub beds in many of our developments however, we paid East Lothian Council the equivalent of ten years cost of the maintenance of the shrub beds in return for which they assumed ownership and will maintain them for all time. This arrangement safeguarded residents and the Association from inflation. We are still responsible for hard landscaped areas and common parts in some developments.

### **5.2 Insurance**

We keep a block insurance policy in force for all of the properties we own. Property owners in a tenement flat are required to have a contract of insurance for the full reinstatement value of the property and any parts of the building attached to the property. Household contents insurance is not provided by the Association.

A copy of the summary insurance document is provided to the owner each year.

### **5.3 One off Works & Emergencies**

Most repairs and maintenance work out with the services we provide are the responsibility of the Owners. However, on occasion communal one-off repairs maybe required, for example, to the roof or parking spaces. In such cases, we will agree the work with Owners before a repair is instructed and whether it will be charged as a one off cost or paid from the Reserve Fund. Sharing Owners can request a one off communal repair though their My Home account. All Owners can do this by telephoning or emailing our offices, or by visiting us during office hours.

We have the right to instruct emergency works to communal areas in some developments but will only do this if the work is required immediately for safety reasons. Emergency work is normally carried out within two hours of it being reported to us.

### **5.4 Estate Management**

We regularly inspect the condition of all our estates and common parts throughout the year to ensure they are maintained in good condition, and to identify any health and safety issues or rapid deterioration in the condition of external painting and floor coverings where appropriate.

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Communal landscaped areas are regularly monitored to ensure they are tidy and well maintained. Any problems will be raised with East Lothian Council or Contractors, as appropriate.

- 5.5 We operate a stair and communal cleaning contract in some developments and monitor this contract on a regular basis to ensure that the work is being carried out satisfactorily. We will carry out an annual satisfaction survey of this contract to obtain Owners views and to ensure a high level of service is being achieved.

### **6.0 Procurement of Services**

- 6.1 All services and works will be procured in line with our Procurement Policy.
- 6.2 In emergency situations works necessary to address issues of health and safety or property integrity may be instructed by senior staff without estimates or tenders. Emergencies will normally be attended to within two hours.
- 6.3 Service costs such as communal cleaning or electricity for unadopted lighting of common areas, including stairways, will be charged directly based upon bills from contractors/suppliers.

### **7.0 Financial & Charging Arrangements**

- 7.1 Charging structures will be determined according to what is set out in the relevant Title Deeds, Deeds of Conditions or in the Exclusive Occupancy Agreement. These will vary between different areas and house types.
- 7.2 We levy a Service Charge for the costs of providing services which are payable monthly in advance. We review these annually and will write to the Owner each year, giving 28 days' notice of the new charge starting in April.
- 7.3 We calculate the charges in the following way:

- Stair & Communal Cleaning & Bins

We tender the stair and communal cleaning contract every three years in accordance with our Procurement Policy. The costs of the providing the service are apportioned equally amongst the Owners within the development.

- Stair & Courtyard Lighting

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We aim to achieve the best possible price for our electricity by using the same supplier for all our developments. We split the electricity costs 80% to stair lighting and 20% to courtyard where applicable and apportion costs equally amongst the owners within the development

- External Painting and Replacement Floor Coverings (Reserve Fund)

In some developments, we collect provisions for the 'Reserve Fund', a pot of money used for external painting and replacement floor coverings. The charge is based upon the actual cost of works with an amount allowed for inflation until the next time the painting or replacement of floor coverings is due.

- Buildings Insurance

The cost of the insurance is reviewed annually and shared amongst owners. As we fully insure the structure of all our developments we benefit from the bulk discount we receive for insuring all our assets. This benefit is passed on to Sharing Owners in the form of lower insurance costs. The insurance premium that we charge is based on the re-build value of the property at the time it was built inflated over the years since.

- Management / Administration Charge

We charge a fee equivalent to 10% of the total charge for the services to cover the costs of managing work on behalf of Owners. The fee covers the cost of staff inspecting and arranging work, carrying out some estate management duties and administration such as the cost of postage and stationery.

- 7.4 We review Service Charges annually and we will write to Owners each year giving 28 days' notice of the new charge starting in April.
- 7.5 Each year we issue a Statement of Account to every Owner showing the charges and credits made, the costs of works carried out and the position at 31 March.
- 7.6 Payments to the Reserve Fund are non-returnable and will not be repaid to Owners or passed on to a new Owner should the property be sold on.
- 7.7 If we agree to carry out a one-off communal repair we will agree with Owners whether this will be paid from the Reserve Fund or invoiced directly.
- 7.8 We account for the income and expenditure for each development in a separate account. The Association is financially audited each year and we



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are also subject to regulation and inspection by the Scottish Housing Regulator.

### **8.0 Debt Recovery**

8.1 Our Housing Team are responsible for the recovery of all outstanding debts. The process for recovering debts is set out in our Shared Ownership Policy and is included in the Written Statement of Services (See section 9.0) and is applied consistently and reasonably when recovering outstanding debts.

8.2 We will advise Owners of debt counselling, information and support available if they cannot pay their charges. Owners will also be provided timely reminders of any amounts outstanding and will be informed of how charges may be affected if one or more homeowners do not pay their debts. We will take reasonable steps to resolve any outstanding debts before considering legal action. In serious cases of non-payment, we may consider legal action which stops an Owner from selling or passing on their home until the debt is paid to us. If this is required, we will normally seek to recover the legal costs and may charge interest.

### **9.0 Written Statement of Services**

9.1 We provide each owner with a Written Statement of Services which sets out the terms and service delivery standards of the arrangement in place between us. This Statement will include our Property Registration Number.

9.2 We will provide a Written Statement:

- Annually, with a statement of account showing charges incurred and credits in the previous year
- To any new owner within four weeks of being made aware of a change in ownership, where we already provide a Factoring Service
- To any owner within three months if we make any substantive changes, and will issue a revised Written Statement, clearly indicating the changes on the revised Statement or separately in a 'summary of changes' document attached to the revised version

9.3 The Written Statement will include:

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- A statement on what authority we have to act as factor to the owners within the property
- The core services that we will provide. This will include our response times for both common, routine and emergency work
- The non-core services we will provide, their charges and how they are notified and calculated
- The management fee charged and the review process for determining any change to this
- The percentage of charges for common works and services are the responsibility of the owner
- What percentage of charges for common works and services are the responsibility of owners
- Details of the common insurance policy and how the premium is calculated
- Confirmation that we have a debt recovery procedure which is available on request
- Any joint liability for the non-payment of fees and charges for common works and services to owners
- Any arrangement for taking payments at termination of service
- Any arrangement for the collection of payment from owners for specific agreed major works or cyclical works, confirming amounts, payment and repayment ( at change of ownership or termination of service)
- The invoice process, including when and how owners will receive their bills
- The payment collection process, including timescales and payment methods
- The complaints process, including how to make an application to the First Tier Tribunal
- Information on how owners can change or terminate their Factoring Services

### 10.0 Information & Consultation

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- 10.1 We will ensure that the appropriate information on the Factoring Service is issued to Owners in a variety of ways such as through their My Home account, by email or letters.
- 10.2 We will consult and liaise with Owners as required on repairs and maintenance works.
- 10.3 Prior to purchase, potential Sharing Owners will be given clear information about the responsibilities including repair and maintenance obligations and indication of costs, where possible.
- 10.4 We will carry out regular satisfaction surveys regarding the Factoring Services that we provide.

### **11.0 Complaints**

- 11.1 We aim to provide a first class service to all of our customers, but we recognise that we don't always get it right.
- 11.2 Customers may make a complaint about our Factoring Service using our Complaints Handling Procedures for a range of matters including if there has been:
  - A failure to comply with policy or procedures
  - A failure to carry out duties in a satisfactory manner
- 11.3 We will aim to provide Owners with a response or decision within a reasonable period as set out in the Complaints Procedure (considering the nature of the complaint) as well as providing such information that will allow us to provide a first class service to our customers.
- 11.4 Where an owner is dissatisfied with the outcome of their complaint and believe that we have failed to carry out our factoring duties, they are entitled to contact the Housing and Property Chamber, First-Tier Tribunal for Scotland at the following address:

Glasgow Tribunal Centre, 20 York Street, Glasgow, G2 8GT  
Tel: 0141 302 5900 Website: [www.housingandpropertychamber.scot](http://www.housingandpropertychamber.scot)

### **12.0 Equal Opportunities**

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- 12.1 We will not discriminate in the operation of this policy on the basis of age, disability, gender reassignment, marriage and civil partnership, race, religion or belief, sex, or sexual orientation.
- 12.2 We aim to promote equal opportunities and comply with the requirements of the Equality Act 2010.

### **13.0 Policy Review**

- 13.1 The Director of Housing is responsible for the review of this policy every five years or if there is a change in legislation if this is sooner. Any recommended changes will be submitted to the Management Committee for approval.