

PARKHEAD HOUSING ASSOCIATION LTD

FACTORING POLICY

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PARKHEAD HOUSING ASSOCIATION LTD

Factoring Policy

1. **Purpose:**

This purpose of this Policy is:

- To promote and provide a comprehensive factoring service for owners and sharing owners which ensures the care and maintenance of all properties factored by the Association.
- To ensure all common repairs are identified, carried out efficiently and in line with the Deed of Conditions covering the property and the Association's policy.
- The Association will therefore provide the highest possible standard of service to all owners while ensuring all provision is always practical, cost effective and legally compliant.
- To apportion costs appropriately between all owners and recover costs efficiently.

2. **Policy statement:**

The Association, as factor, will:

Operate a Factoring Service which reflects the factoring agent's role, as stated in the Deed of Conditions governing each property.

Provide owners with comprehensive information on the Factoring Service, including information on their responsibilities and liabilities as owners. The Association will comply with all elements of the Property Factors Scotland Act (2011).

Repairs:

- Carry out repairs within the conditions outlined by the terms and conditions for the provision of a factoring service as outlined in appendix 1.
- This will ensure full compliance with the Property Factors Scotland Act (2011).

- To fully recover the management and maintenance fees due for the factored property.
- To respond to queries/complaints regarding the Factoring Service or Accounts as per the Property Factors (Scotland) Act 2011 dispute resolution procedure.
- To keep owner database updated on a daily basis with ownership changes.

Improvements/Adaptations/Additions:

All requests for improvement works will be dealt with in accordance with the Terms and Conditions (attached) and separate procedures document. In the first instance, all owners will be notified by the Association of the request for improvement/adaptation/addition. The Association will also advise the owners of the broad limitations of the Deed of Condition and the terms of approval required before works are instructed. Owners will be given an opportunity to attend a close meeting to discuss the works and to consider whether they wish to grant approval. Unless the Deeds stipulate otherwise, ALL owners will require to confirm approval to the works proceeding. In all circumstances, improvement works will require to be funded in advance by owners before they are instructed. Thereafter, the process according to the procedures document will be followed.

Debt Recovery Process:

A detailed debt recovery procedure is followed - in summary the process is:

- Invoices issued quarterly at dates above.
- The following process will take place after the end of the billing period.
- 1st reminder
- 2nd reminder
- Forwarded to Solicitor for action if no payment or response for legal action.
- The above process will only be applied to accounts in arrears equal to or greater than £500.

3. Linked Policies, Statutory & Regulatory Information:

The Policy requires compliance with:

- Property Fact
- The Tenement Act 2004
- The Association's Financial Regulations Policy

- The Association's Delegated Authority Policy

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4. Responsibilities:

- a. **Board** - The Board have responsibility for setting the Policy, approving the procedures and monitoring performance against policy, ensuring that Factoring reports are received and fully considered by the Sub Committee when presented, and that debt is managed so that the Association is not placed in a position of unnecessary financial risk. Performance will be monitored by the Board and Sub Committee via the performance management framework and the management accounts.
- b. **Director of Corporate Services** - The Director of Corporate Services has responsibility for managing and supervising the Association's Corporate Services Manager and ensuring that Factoring Policy and Debt Recovery is being undertaken appropriately and in accordance with the Policy.

5. Procedures

A separate detailed procedure document is available and should be followed by all staff with a direct or indirect input into the factoring processes.

6. Targets and Outcomes

- Invoicing and statements produced on time
- Minimising new debts through promotion of direct debit payments and prompt debt collection
- Maximise recovery of outstanding debts through regular monitoring of accounts and liaison with owners, and prompt referral of debtors to solicitors.

7. Compliance

Compliance will be assessed by:

- Timeous production of invoices, statements, committee reports.
- Timeous referral of all debts to solicitors
- Strict adherence to the 'terms and conditions for the provision of a factoring service which is issued to every owner with common responsibilities.

8. Policy Review

This Policy is due for review in three years - 2021.

Appendix 1

TERMS AND CONDITIONS FOR THE PROVISION OF A FACTORING SERVICE

Subjects covered by these Terms and Conditions are

Your Property -

These are the terms and conditions for the provision of a factoring service to owner occupiers by Parkhead Housing Association Limited. We are a Housing Association registered under the Co-operative and Community Benefits Societies Act 2014. (No. 1911 R (S)), a registered Scottish Charity (No. SCO30908) and also registered with the Scottish Housing Regulator (No. HCB167). Our registered office is at 40 Helenvale Street, Glasgow, G31 4TF. We are referred to as “the Association” in this document.

Parkhead Housing Associations Property Factor Registered Number is PF000252

Authority to Act

The Association is the Property Factor acting for and on behalf of all dwellinghouse owners within the block of flats of which your property forms part. The Association was appointed to act as Property Factor in accordance with the provisions of either the title deeds relating to your property or in accordance with the Tenements (Scotland) Act 2004 if applicable

Services Provided

Core Services

The Association will provide the core services set out in Part 1 of the Schedule annexed. The Association will have no liability for any failure to instruct repairs on its own initiative following a visit to the property and the block

Delegated Authority

The Association has the delegated authority of the owners within the block to instruct and have carried out repairs and maintenance to the common parts of the block being factored provided that the anticipated cost to each owner of any one item at the time when it is instructed will not exceed £300 or such

other sum as may be agreed with a majority of owners of the block. If the anticipated cost of any such item exceeds £300 it shall be instructed and carried out only when the work has been approved by a simple majority of the owners of the block and all of the owners have paid their share to the Association in full. The Association may also instruct works at a cost exceeding £300 per owner if the works are required in an emergency or it considers the expense to be justifiable on grounds of health or safety and in these circumstances the Association shall recover the costs of that work in terms of Schedule 2 of this Agreement.

Additional Services

The Association may provide services out with the core services set out in Part 1 of the Schedule (including major repair works and improvement) if it is requested and authorised by all the owner occupiers within the block to do so with the exception of stair cleaning which will be carried out at the request of a majority of the owners in the block. The cost of such works will be agreed by all of the owners within the block prior to the work being carried out and the costs of carrying out the work shall be apportioned in accordance with Schedule 2 of this Agreement.

The Association, if requested by an owner will provide guidance and assistance in submitting applications for grants towards the cost of common repairs or improvements, where such grants are available

The Association may include reasonable conditions in respect of payment for the provision of such additional services.

Financial and Charging Arrangements

Management Fee

The Association will charge you a management fee which is itemised on your quarterly invoice for carrying out its function of providing the core services including those services listed within this clause. The management fee for each individual owner is currently £47.00 (18/19) per quarter. The management fee is charged to any individual owner who owns a property within a block that the Association factors. An additional sum will be payable should additional services be required by the owners within the Block. [which will be 5% of the total cost of repairs]. The management fee will be reviewed on an annual basis and you will be advised of any increase in your April quarterly invoice with the increase taking effect from 1st April.

The Management Fee is the charge for managing the block of which your property forms part. This includes:

- Arranging maintenance and repair of the block common parts
- Liaising with contractors and tendering for the appropriate service and price

- Working with an Insurance Broker to achieve an arrangement for the owners within the block and assisting home owners in making claims on the insurance
- Administrative costs in sending invoices, letters and newsletters
- Providing credit control to ensure that everyone is invoiced for their respective share of costs
- Working together with solicitors to recover outstanding debts on behalf of the owners within the block.
- Liaising with electricity companies to make sure all charges are accurate and fair, make payment of electricity invoices and recover the cost from the owners within the block
- Undertaking regular visits and maintenance checks

If because of the complexity of a particular repair or because of any other reason the Association is involved in additional work beyond its routine management duties it may charge an additional fee in relation to a particular matter provided the same is reasonable and in accordance with the amount of time spent by the Association in dealing with the matter in question.

Allocation of Costs

You are responsible along with the other owners in the block for a share of the maintenance and repairs carried out in relation to the block. Your share will be charged in accordance with your title deeds or where appropriate the Tenements (Scotland) Act 2004.

Each owner within the block is responsible for a share of the cost of maintaining the common parts of the block in various shares. Schedule 2 details the share of the common charges payable by each owner in the block.

All charges, assessments and outgoings for water, electricity, fuel, telephone and public or statutory utilities payable in respect of the common parts of the block will be charged as per your title deeds and in accordance with Schedule 2 hereof .

Invoicing

The Association will provide you with a paper invoice on a quarterly basis (on 30th April, 31st July, 31st October & 31st January) Your invoice will detail what you have been charged for and a statement of account showing invoices due and payments made. The Management Fee will be payable in four equal payments and will form part of your quarterly invoice. In addition, the Association will issue an annual statement of account with its July invoice.

Payment

You will have a period of 14 days from the date of the invoice in which to make payment. If the invoice is not paid in full the Association will have no option but to follow the steps set out in its Factored procedures available on

request from their office. Copy invoices can be obtained from the Association at a cost of £5 per copy and for each quarter.

You can pay your invoice by the following methods;-

- By cheque made payable to the Association
- At any Pay Point
- Debit card/credit card
- Bank transfer
- Postal order
- Standing Order
- Direct debit

Change of Ownership

Each owner shall notify the Association of any changes in ownership of their property. On receipt of notification of such sale the Association will arrange to apportion the charges and sums due by the owner for the period to the date of sale. An administration charge of £50 will be made to any owner selling a property within the block for the apportionment of common charges and updating of information as to ownership. In addition, a charge of £5.00 per copy certificate will be levied by the Association for any documentation requested by or on behalf of an owner subject to a maximum of £30.00.

Private Letting

If an owner privately lets their property, be it a residential property or a commercial one, the Association will pursue the owner for payment and not the tenant as any factoring debt is due and payable by the owner of the property and not the tenant. A lease will regulate the agreement between the owner of the property and their tenant. Any sums due in relation to common repairs and factoring are payable by the owner of the property and any enforcement action will be taken against them.

Insurance

The Association is responsible for effecting and keeping in force the buildings insurance cover for the block which will automatically be for a minimum of £100,000 per property. Should the owner or their lenders require the cover to be higher than this, they must advise the Association in writing and a revised premium will be charged.

The insurance premium for each individual owner is currently £46.77 for residential properties and £123.31 for Commercial properties (17/18) per quarter, based on £100,000 of insurance cover and includes any brokers fee. The building insurance is tendered for on an annual basis and runs from August of each year.

The premium applicable to your property is calculated as set out in Schedule 3 of these terms and conditions together with details of the insurer, the total

sum insured, any excesses which apply and a summary of the policy information. The premium that you have to pay is detailed on your quarterly invoice. Any changes to the insurance cover/premium etc. will be communicated to you in writing on an annual basis, usually detailed in your October invoice. If a claim requires to be made on the building insurance each owner shall contact the Association who will provide a claim form and adequate details in order for the owner to make the claim. The Association will submit insurance claims on behalf of owners but thereafter it is the responsibility of the owner to contact the insurer to progress this claim. Any decisions on whether a claim is settled or not is the responsibility of the insurer and not the Association.

Where owners wish to take out their own buildings insurance for their property they will be required to provide evidence that insurance is in place and covers a share of the common parts of the building and continues to be in place on an annual basis. This is the responsibility of each owner, should this evidence not be provided the Association reserves the right to insure the property on the owners behalf and the whole annual fee will be applied.

Please note that sharing owners cannot opt out of the Association's block buildings insurance.

The Association may also arrange for public liability insurance in respect of common parts of the block.

Communication and Complaints

It is important to the Association that owners are satisfied with the factoring service that the Association provide. We actively encourage feedback from owners.

If you raise a telephone query with one of the Association's factoring staff we will get back to you within 1 working days.

If you have a complaint with either the service which you have received or a specific matter the Association have a complaints handling procedure which is available via the Parkhead Housing Association website.

Declaration of Interest

The Association confirm that it owns properties within the block which is factored.

How to End the Factoring Arrangement

The appointment of the Association as factor may be terminated on the instructions of a majority of the owners in the block (or such other manner as the title to your property may provide) or by the Association, in each case upon giving not less than three months' prior notice in writing.

The owners authorise the Association to act on the instructions of a majority in number of the owners in the block whose decision shall be binding upon all of the owners in the block in relation to the carrying out of cleaning, repairs and maintenance to any and all common property.

For the purpose of instructing the Association on factoring matters, each owner in the block shall have one vote for each property owned by him and which is occupied by him/her or is separately occupied by his/her tenant or is unoccupied. If the title deeds for the development allocate votes on the matter of factoring/maintenance/repairs in a different matter, those provisions shall prevail and shall be adhered to by the Association in carrying out the factoring. Where a property is owned by more than one person and the owners cannot agree that vote is disregarded. Where the ownership of the property is shared between the Association and the owner the Association shall be entitled to cast the vote relating to that property.

Reporting Common Repairs

As factors, the Association will try to set and maintain a high standard of maintenance and repairs. Repairs procedures have been developed to ensure that repairs have been carried out to a good standard, in a cost effective manner as possible and within a timescale which causes the minimum inconvenience and nuisance to residents as is reasonable in the circumstances.

Each owner will assist the Association by reporting any defects to the Association's office. Repairs can be reported in the following way:-

- Calling into our Office at 40 Helenvale Street, Glasgow, G31 4TF
- Phoning us on 0141 556 6226. If the office is closed a message can be left on the answering machine. If the common repair is an emergency, the answering machine will provide the contractors emergency numbers that can be rung. The contractor's emergency numbers are also listed on our office window.
- Writing to us at 40 Helenvale Street, Glasgow, G31 4TF

When you report a defect please give as much information as possible and advise if you want to be visited by a member of the Association's Technical team to demonstrate where the necessary repair is located

If the required repair is straightforward the Association will pass the information directly to one of the Association's approved contractors and they will carry out the works. If the repair is less straightforward the

Association will request a maintenance officer to visit the block and assess the repair.

The target turnaround timescales for common repairs are as follows:-

- Emergencies - 4 Hours
- Urgent - Carried out within 7 working days
- Routine - Carried out within 28 working days

Repairs will sometimes take longer (for example, if the contractor has to order spare parts). If you are concerned about how long a repair is taking, or if a repair is not carried out to your satisfaction please contact the Association.

Please note that the Property Factors Act requires that the Association provide 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. By appointing the Association on these terms and conditions you are agreeing to this publication.

SCHEDULE PART 1
SERVICES TO BE PROVIDED BY THE ASSOCIATION

The Association will

1. make bi-monthly visits to the block and take appropriate action to deal with any repairs affecting of a common or shared areas which are discovered.
2. instruct firms which, from their experience, they believe to be reliable and capable of completing the repairs and other work satisfactorily and at a reasonable cost, to maintain, repair, decorate, arrange lighting and cleansing and renewing, reinstating and rebuilding of the common parts of the block and that irrespective of the cause of damage or destruction necessitating such repair, renewal, reinstatement or rebuilding.
3. instruct firms which, from their experience, they believe to be reliable and capable of completing the repairs and other work satisfactorily and at a reasonable cost to inspect, maintain in good working order, repair, overhaul, replace, renew and operating the plant and equipment used in common by the owners of the block including the cost of provision for renewal and replacement of the same and the full costs of repair and maintenance staff and the maintenance of any maintenance/service contracts that the Association consider necessary
4. employ professionals such as accountants, architects, engineers, surveyors or other professional adviser employed to certify any matter or thing to be certified for the purposes of any provisions of this Schedule and the proper costs (but not more than once every year) of an independent professional valuation of the block for the purpose of assisting towards the determination of the full cost of reinstatement of the block
5. provide, service and monitor firefighting equipment, appliances (including fire alarm sprinkler systems, smoke detectors and smoke control devices) and any other signs or other notices required by the local Fire Officer and/or insurers (and repair, maintain and renew the same).
6. when instructing repairs and when appropriate consult with the contractors as to the type of repair and the materials to be used.
7. arrange (where a repair requires the services of more than one trade) for the several firms of tradesmen to co-ordinate their work.
8. obtain estimates from several tradesmen for the same job where they consider it to be in the interests of the owners, advise the owners as appropriate and obtain their instructions before proceeding.
9. where the proposed repair is mutual to an adjoining building negotiate with the adjoining owners or property manager and endeavour to

- ensure that the work is agreed and then completed satisfactorily at a reasonable cost
10. provision of such security equipment and apparatus for the property as the Association shall think fit and proper to employ and/or use and in the provision, maintenance, replacement and renewal of such security equipment from time to time
 11. investigate any complaints of unsatisfactory work and where considered necessary by the Association and if so instructed by a majority of the owners arrange for a professional report on the completed repair subject to any fees for same being chargeable to the owners.
 12. check tradesmen's accounts when rendered, including any charge of VAT.
 13. when a change of ownership takes place on request make the necessary apportionment of insurances, repairs and other outgoings between the seller and the purchaser. A charge of £50 is made for this additional work and is payable by the seller together with all correspondence with the purchasing/selling solicitors.
 14. if requested, arrange to make available for inspection on one occasion in each year copies or originals of all tradesmen's accounts for that year (additional copies can be provided at separate cost).
 15. arrange insurances including insurance against loss by fire and other risks normally insured against under a common comprehensive insurance Policy (which policy is to cover all the flats within the block and the block common parts) with an established insurance company for the full replacement value which insurance shall be in the name of the Association and taken out and held for behalf of all the owners and the holders of bonds or other securities over the same (if any) for their respective right and interests;

Schedule 2 - allocation of costs of common repairs

Common share for the block:-

Other common shares:-

Schedule 3 – insurance details

The insurance costs payable in respect of insurance for all [common parts of the development] will be charged to the owners in equal proportions annually in advance. The calculation of the premium is as follows:-

- Annual insurance premium + brokers fee / number of owners

Insurer:

Protector Insurance

Total Sum Insured

Part of a block policy with a total sum insured of £33,500,000*

*Individual Insured Value £100,000, if you have requested the sum insured to be greater it will be detailed on your quarterly invoice (owners must notify Parkhead Housing Association if they require the sum insured to be greater than £100,000)

Excess

£100 in respect of each occurrence of loss or damage for each residence (other than Subsidence whereby the excess is £1000).

Summary of Policy Information

If you require a summary of the policy information, please contact us.