

Bridgewater Housing Association Ltd Policy

Approved by
committee on

25th March 2020

Review Date:

March 2023

Ref:

FACTORING POLICY

1. INTRODUCTION

This policy reflects the principles, rules, and guidelines that will be applied to the factoring services provided by Bridgewater Housing Association Limited (referred to in this policy as “Bridgewater” or the Association).

2. BACKGROUND

Bridgewater currently provides a factoring service to 2,686 owners, of which 193 are flat owners within block of flats within which Bridgewater retains an ownership interest and the remainder are the owners of houses. All 2686 properties were built by Scottish Special Housing Association between 1970 and 1983 and were sold under Right to Buy legislation until its abolition in 2017. Flat owners receive a full factoring service including planned and cyclical maintenance work and reactive repairs to the common parts of tenemental blocks, the provision of electrical supplies to common systems requiring power, and insurance cover to the extent that this is a requirement of title conditions. The owners of houses and flats receive a land management service for maintenance and repairs to open spaces, footpaths, car parks and all other common assets. Bridgewater took over the role as factor from Scottish Homes when the ownership of former SSHA stock not sold under Right to Buy was transferred to Bridgewater in 1998.

Bridgewater does not have nor does it intend to create a non-charitable subsidiary for the delivery of factoring services within the lifetime of this policy. Bridgewater carries out repairs and planned maintenance activities to common areas primarily for the benefit of its tenants and the factoring services received by owners is consequential to these activities. Bridgewater will only seek to recover costs and expense incurred in delivering a factoring service to owners and will not seek to profit from these activities, and will set owners’ charges at a level that will avoid any significant financial losses or financial surpluses as a result of its factoring activities.

3. REGULATORY AND LEGISLATIVE FRAMEWORK

Delivery of factoring services will comply with the following legislative requirements:

- Title Conditions (Scotland) Act 2003
- Tenements (Scotland) Act 2004
- Property Factors (Scotland) Act 2011
- Data Protection Act 1998
- Equality Act 2010
- Occupiers’ Liability (Scotland) Act 1960

4 REGULATORY STANDARDS

The relevant Regulatory Standards and guidance that the Association wishes to comply with in relation to the provision of its factoring activities are:

Standard 1.1

The governing body sets the RSL's strategic direction. It agrees and oversees the organisation's business plan to achieve its purpose and intended outcomes for its tenants and other service users.

Standard 1.2

The RSL's governance policies and arrangements set out the respective roles, responsibilities and accountabilities of governing body members and senior officers, and the governing body exercises overall responsibility and control of the strategic leadership of the RSL.

Standard 1.3

The governing body ensures the RSL complies with its constitution and its legal obligations. Its constitution adheres to these Standards and the constitutional requirements set out below.

Standard 1.4

All governing body members accept collective responsibility for their decisions.

Standard 1.5

All governing body members and senior officers understand their respective roles, and working relationships are constructive, professional and effective.

Standard 1.6

Each governing body member always acts in the best interests of the RSL and its tenants and service users, and does not place any personal or other interest ahead of their primary duty to the RSL.

Standard 1.7

The RSL maintains its independence by conducting its affairs without control, undue reference to or influence by any other body.

5. BUSINESS OBJECTIVES

This Factoring Policy is designed in order to help meet the following Key Corporate Objectives are met:

Objective 1

Manage and maintain high quality affordable homes and services

Objective 2

Protect and enhance the value of the environment

Objective 3

Deliver a quality, value for money, customer service experience, in partnership with our customers

Objective 5

Invest in our staff and board

Objective 6

Exemplify strong, sustainable and effective strategic governance and financial control

6. SCOTTISH HOUSING CHARTER INDICATORS

The Association will, in the Annual Return of the Charter (ARC) report the following indicators to the Scottish Housing Regulator:

Indicator 32: Average annual management fee per factored property

Indicator 33: Service users' satisfaction with the factoring service

7. POLICY FRAMEWORK

The following policies will also inform the delivery of Bridgewater's factoring services: -

- Framework of Governance

- Repairs and Maintenance Policy
- Tendering and Procurement Policy
- Factored Owners Debt Recovery Policy
- Equality and Diversity Policy
- Business Plan/Business Delivery Plan
- Asset Management strategy

8. BRIDGEWATER'S VALUES AND VISION

Our vision is to be:-

- A customer focussed organisation which delivers the best affordable housing and services to people who need them most.

Our values are:-

- Doing what matters most with and for our customers.
- Putting customers first

Our overall goal for the Association is to:

- Get it right first time for every customer

9. WRITTEN STATEMENT OF SERVICES; SCHEDULE OF SERVICES

Bridgewater's Written Statement of Services is compliant with current legislation and sets out the terms and service delivery standards of the arrangement in place between us. Bridgewater will provide a Written Statement of Services to every current owner and:

- To new owners, within four weeks of Bridgewater agreeing to provide the factoring service to them
- To any new owner, within four weeks of Bridgewater being made aware of a change in ownership, where Bridgewater HA already provides the factoring service.

The Written Statement of Services will include, and we will provide information in relation to, the following key matters:

- Mission, Vision and Equalities
- The purpose of the Statement
- Ways to contact and communicate with Bridgewater
- An explanation of our authority to act as Factor and the extent to which authority is delegated
- Details of our factoring service including calculating charges, ways to pay accounts, debt recovery and information on help available to those affected by debt or hardship
- How to request information and make complaints
- How to change factor
- An explanation of factored owners' rights and obligations
- For flats – details of buildings insurance services; using our repairs service; planned preventative maintenance works; apportionment of electricity and other common tenemental charges
- Details of common landscaped areas, footpaths and car parks and major planned maintenance

Schedule of Services

We will provide a written Schedule of Services setting out the specific services we provide to the owner/s of every property receiving factoring services.

General

Where there is a significant change to factoring services provided to owners Bridgewater will re-issue owners with a new Written Statement of Services at the earliest opportunity and no later than within one year of the change taking effect and provide each owner affected by any changes with a revised Schedule of Services.

10. MANAGEMENT FEE

Bridgewater will charge an annual management fee which is calculated in order to cover the costs of:

- Time spent by staff engaged in these activities
- An appropriate proportion of office overheads
- Any direct costs associated with providing the factoring service and the effect or anticipated effect of inflation on those costs

The management fee is charged annually for residents who live in a house and biannually for flat owners.

The management fee is reviewed annually taking account of costs incurred from the previous year and projected for the coming year and owners will be advised of this annually with the issue of accounts.

11. CHARGES

The charges for houses will include:

- Management fee
- Landscaping charges
- Car park and footpath resurfacing charges
- Inspection, maintenance and repairs work to any other common part, component or structure as defined in title conditions

The charges for flats will include those listed above for houses and will also include charges for some or all of the following:

- Management fee
- Block common repairs
- Insurance costs
- Common electricity costs
- Asbestos testing costs
- Legionella testing costs
- Block cyclical repairs
- Block planned repairs

Charges for large scale repairs and maintenance contracts

Bridgewater may apply an additional fee of up to 5% of the final value of any large scale repairs or maintenance contracts to cover the additional costs of procurement and supervision incurred by Bridgewater. This additional fee may be applied to the following types of work undertaken on behalf of factored owners:

Tenemental blocks:

- All major planned works

Common landscaped areas

- Resurfacing work to roads, car parks and footpaths
- Retaining walls, boundary walls or screen walls
- Any other major planned works

12. REPAIRS AND MAINTENANCE

Bridgewater will have in place procedures to allow owners to notify us of matters requiring repair, maintenance or attention and if requested will inform owners of progress of this work, including estimated timescales for completion.

Bridgewater will ensure that (and be able to demonstrate if requested) that our contractors have public liability insurance.

Where Bridgewater is carrying out a planned programme of cyclical maintenance we will prepare a programme of works and the works will be tendered in accordance with the Association's Procurement Policy.

Bridgewater will also inform owners of the predicted 5-year investment programme for planned cyclical and major repair works.

If applicable, documentation relating to the tendering process (excluding any commercially sensitive information) will be made available for inspection by owners on request.

Bridgewater will disclose to owners, in writing, any financial or other interests, commission, fee or other payment or benefit resulting from the appointment of a contractor or consultant.

Bridgewater will only use contractors from its list of approved contractors.

Where Bridgewater has a majority agreement from owners to progress common works but an owner or owners indicate an unwillingness to pay for their legitimate apportioned share of the work, the matter may be referred to Renfrewshire Council's 'Missing Share Scheme' as a potential source of financial assistance and to avoid unnecessarily increasing avoidable indebtedness. Factored owners will also be signposted to Under One Roof for impartial advice on repairs and maintenance for flat owners in Scotland.

13. PAYING CUSTOMER ACCOUNTS

The various payment methods are detailed in our Written Statement of Services and will be issued with accounts issued to owners. Methods to pay may be changed from time to time in order to improve the efficiency of the service.

Bridgewater will take appropriate action to prevent or mitigate arrears and to recover all factored debt owed to the Association. This will be carried out in accordance with the Bridgewater's Factoring Debt Recovery Procedures.

In cases of genuine financial hardship Bridgewater may extend the period available to customers to settle their accounts in full beyond the requirement set out in individual title conditions. In such cases Bridgewater may, as an informal concession, allow customers to pay by instalments over the shortest possible period but in any event over no more than one year from the date of issue of an account. Bridgewater is not currently authorised by the Financial Conduct Authority to provide credit facilities to customers and will not offer any extended payment terms or other time to pay arrangements which would be regarded as regulated activity.

Arrangements must leave customer accounts clear of debt prior to the issue of future accounts and must not facilitate an ongoing arrears situation. No interest or other charges will be applied to arrangements to pay which are intended solely to alleviate hardship, obviate the need for debt recovery action and to improve debt recovery performance.

14. RESPONSIBILITY FOR DELIVERING THE FACTORING SERVICE

- For the purposes of Bridgewater’s registration as a property factor under the Property Factors (Scotland) Act 2011 Bridgewater’s Chief Executive as the most senior person within Bridgewater’s management structure is the “responsible person”.
- The Land and Property sub-committee of Bridgewater through its delegated powers will develop and implement strategies to maintain and, where appropriate, improve the common land and property managed by the Association, in a manner consistent with the approved Business Plan, Asset Management Strategy and our other appropriate policies.
- The Technical Services Manager is responsible for delivering the factoring service including monitoring and reporting on its performance against Key Performance Indicators to the sub-committee and Bridgewater’s Board.
- The Factoring Officer is responsible for compliance with policy and procedure, for delivering the factoring service to customers and for achieving the highest possible customer service. The Factoring Officer is responsible for assisting the Technical Services Manager in monitoring and reporting on its performance against key Performance Indicators to the Land and Property Management sub-Committee.
- The Factoring Assistant will support the Factoring Officer in the delivery of day-to-day services and to provide administrative support to the Technical Services Manager and Factoring Officer.

15. INSURANCE

The Association will regularly review the insurances it has in place relating to common assets, professional indemnity insurance, third party indemnity insurance and insurance arrangements made on behalf of flat owners.

The Association will ensure that the inspection and maintenance of all common parts meets or exceeds the requirements of any insurance policy’s minimum requirements.

The title deeds for factored tenemental flats oblige some owners to accept Bridgewater’s block insurance policy. In such instances we will provide each owner, in writing, with details of the basis upon which their insurance premium is calculated, the sum insured, the premium to be paid, any excesses which apply, the name of the company providing insurance cover and a summary of the terms of cover. This will be issued annually to owners with their annual account.

Where factored flat owners are not obliged to accept Bridgewater’s block insurance policy, owners will be given the opportunity to purchase insurance cover through Bridgewater’s block insurance policy at the same terms. Owners declining this opportunity are required to provide evidence that they have adequate alternative insurance cover. Where evidence is not provided by an owner Bridgewater will add such properties to the block insurance cover consistent with individual title conditions.

16. REPORTING

The Land and Property Management sub-Committee meet on a quarterly basis and receives reports on:

- Landscaping maintenance progress and expenditure against budget
- Car parks and footpath maintenance and expenditure against budget
- Maintenance of other common assets
- Block Repairs and cyclical maintenance
- Billing and debt recovery
- Complaints
- Key Performance Indicators
- Progress towards meeting Business Plan Key Objectives

17. DELEGATED AUTHORITY

Bridgewater will operate its factoring services within the limits set by Bridgewater's own Framework of Governance. Within that context Bridgewater will operate within, and not deviate from, the limitations set out by the title conditions of its factored owners' titles. The title conditions for each property delegate to Bridgewater as factor the authority to instruct common, cyclical and emergency repairs where individual owners' share of an individual repair is less than £250 (including VAT) for each repair or maintenance activity.

Where an owner's share of an individual repair is more than £250 (including VAT) and the work is not of an emergency nature, Bridgewater HA will only arrange for the repair to be carried out if we receive authority from the owners as set out within their title deeds or if silent in accordance with the Tenements (Scotland) Act 2004. The title conditions give Bridgewater the authority to change the £250 value threshold as may be necessary and justifiable from time to time.

Bridgewater will not instruct any major or significant repair works without having first secured any necessary majority from owners as set out within their title deeds or if silent in accordance with the Tenements (Scotland) Act 2004. Title conditions specifically exclude work of an emergency nature, which by its very nature must be carried out without delay.

Before any major works can be instructed for maintenance and repair work to tenemental blocks the Association will first carry out a financial risk assessment to determine whether Bridgewater is reasonably likely to recover the share of debt to be met by owners. Bridgewater may limit its repairs, maintenance and improvement activities unless payment for work has been made to the Association in advance.

18. COMMUNICATION AND PARTICIPATION

Bridgewater HA will communicate with owners by:

- Direct correspondence, email, telephone and text
- Bridgewater HA's website www.bridgewaterha.org.uk
- Individual meetings
- Owner's newsletter (bi annually)
- Public meetings (if required)
- Annual information on cyclical and planned maintenance for the coming year

Bridgewater welcomes owner participation and will work with any owner or representative group of owners who may wish to be involved in major works being carried out by Bridgewater.

19. CUSTOMER SERVICE STANDARDS

Bridgewater will:

- Apply our Customer Care Standards in dealing with enquiries
- Respond to complaints within the timescales as set out within our Complaints Procedure which is in turn modelled on the SPSO's complaints procedure.
- Respond to requests from solicitors relating to the sale of the Owners property within a reasonable timescale, giving consideration to the proposed Date of Entry
- Provide access to inspect invoices etc. within 20 days in line with standards set out in the Written Statement of Services Requests for information section.

20. FREEDOM OF INFORMATION, GDPR AND THE ENVIRONMENTAL INFORMATION REGULATIONS

Bridgewater will comply in all respects with the Freedom of Information (Scotland Act) 2018, The General Data Protection Regulation (GDPR) 2018 and the Environmental Information Regulations 2004.

21. EQUALITY

Bridgewater Housing Association is committed to providing fair and equal treatment to all our customers and to comply with the Equality Act 2010. The Act established 9 protected characteristics (the grounds on which discrimination is unlawful). These cover age, race, sex, religion/belief, sexual orientation, pregnancy/maternity, gender reassignment, disability and marriage/civil partnership.

We respect that customers, for example those with impaired sight or those for whom English is not their first language, may have difficulties with certain forms of communication. Where this is the case Bridgewater will provide suitable alternative formats so that the particular needs of customers are met.

22. REVIEW

This policy will be subject to regular review and at least every three years or as a result of any change in legislation or recommendation made by the First Tier Tribunal, Scottish Public Services Ombudsman or Scottish Housing Regulator.