

## FACTORING POLICY

### 1.0 INTRODUCTION

1.1 Almond will provide a factoring service for owners subject to:

- the Deed of Conditions specifying clearly the activities to be covered by a factoring service together with the rights and responsibilities of the owner and the factor;
- where there are several owners in a block, the Deed of Conditions stating that a **majority** of owners may appoint a factor, i.e. the agreement of **all** the owners is not required either at the start of the arrangement or in the future;
- seeking to ensure that the costs of providing the service are covered by appropriate charges;
- seeking to ensure that where possible no factoring costs will be met by tenants and that, only in exceptional circumstances where there is an overall benefit to Almond and the wider community, will general funding be considered.

1.2 'Factoring' is normally defined as:

*"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."*

1.3 Factoring services and responsibilities may relate to areas of common land or space as well as to specific properties.

1.4 The detailed arrangements for the provision of factoring services are described in our Factoring Procedures.

1.5 This policy and the supporting procedures have been produced in compliance with Performance Standard AS5.2 and with chapter 2 in the SFHA publication 'Raising Standards' entitled Factoring.

### 2.0 STATUTORY REQUIREMENTS

2.1 We will ensure that the factoring service complies with all current legal requirements, statutory regulations, codes of practice and current appropriate guidance.

### **3.0 DEEDS OF CONDITIONS – RIGHT TO BUY PROPERTIES**

- 3.1 The Deed of Conditions for properties purchased by tenants under the 'Right to Buy' provisions will contain all the necessary clauses and conditions required to provide the legal basis for a factoring service and for making appropriate charges to owners in a mixed tenure block of flats.

### **4.0 RESPONSIBILITIES FOR SERVICE PROVISION**

- 4.1 The Head of Housing Management has the primary responsibility for the factoring service, in particular for ensuring that our duties as detailed in the Deeds of Conditions. In exercising this responsibility the Head of Housing Management will liaise closely with the Head of Maintenance and Head of Finance, each of whom have specific responsibilities with regard to factoring.
- 4.2 The Head of Maintenance will ensure that all necessary repairs and improvements are undertaken to an acceptable quality within our target timescales, or as otherwise agreed with owners, and that in the case of major repairs or improvements the necessary technical and financial information is provided to enable the required consultation with owners to be held.
- 4.3 The Head of Finance will ensure that invoices for services provided or repairs undertaken etc. are raised and followed up for payment, and will recommend the level of the annual factoring management fee (administrative charge) to the Management Committee.
- 4.4 The Chief Executive will ensure that appropriate levels of insurance cover are maintained, and that all formal complaints about the level or quality of the factoring service are dealt with, in accordance with the Complaints Policy & Procedures.
- 4.5 We will apply the same targets and standards to factored properties as are applied to our own tenanted properties. These targets etc. are set out in the various policy and procedure documents, and in the Internal Management Plan.

### **5.0 INSURANCE**

- 5.1 We will ensure that the appropriate types and levels of insurances required to cover the various activities involved in providing the factoring service are in place.
- 5.2 All owners in mixed tenure blocks will be required to have their properties included in our block buildings insurance policy.

### **6.0 INFORMATION TO OWNERS, CONSULTATION & LIAISON**

- 6.1 We will ensure that appropriate information on the factoring service is issued to owners in a variety of ways, including separate leaflets such as the 'Owners Handbook' and items in the *Almond View*.

6.2 We will consult and liaise with owners as required on repairs or maintenance work, but normally only where the individual cost of the work required will exceed £250 (excluding VAT).

6.3 We will arrange meetings on factoring services with owners as required, or in response to a request from owners.

## **7.0 MANAGEMENT FEE**

7.1 Each year, following a recommendation from the Head of Finance, the Management Committee will approve the management fee to be charged to owners in receipt of the factoring service.

7.2 The management fee will be set at a level which ensures that our costs in providing the service are fully recovered.

## **8.0 SERVICE & LANDSCAPING CHARGES**

8.1 Each owner will pay their share of the service charges and/or landscaping costs that relate to their property and the surrounding areas.

8.2 The costs of service charges and landscaping costs will be included in each owner's invoice.

## **9.0 INVOICES**

9.1 Twice each year, normally in May and November, the Finance section will issue each factored owner with an invoice showing the costs of repairs etc. to the common areas of their block that have been charged since the previous invoice, plus their share of the management fee and service charges etc.

9.2 Where required, the Finance section will follow up invoices to ensure payment and minimise arrears. The detailed arrangements are described in the Factoring Procedures and in the procedure entitled 'Debt Recovery'.

## **10.0 ARREARS**

10.1 We will adopt a flexible and reasonable approach to ensure that arrears are minimised and outstanding debts are recovered.

10.2 Owners will be given reasonable opportunities to clear any outstanding accounts on the basis that the total debt should be paid off before the next 6-monthly invoice is issued.

10.3 In the case of large invoices for major repairs, where the cost per owner is at least £1,000, we may agree alternative payment arrangements over a longer period to ensure recovery of the costs.

10.4 As a last resort, where such arrangements fail, we will consider taking legal action to recover the outstanding debt.

## **11.0 RECORD KEEPING**

11.1 We will ensure that appropriate detailed records are maintained on all factored properties so that all works undertaken and services provided can be identified and correctly charged for, according to the responsibilities of individual owners.

## **12.0 EMERGENCY ARRANGEMENTS**

12.1 We will ensure that owners are advised of the arrangements for dealing with emergency situations affecting the common areas, including call-out arrangements where appropriate.

## **13.0 COMPLAINTS AND DISPUTES**

13.1 We will respond to complaints and appeals regarding the factoring service and charges made in accordance with our Comments and Complaints policy and procedures. Complainants will have access to the Ombudsman where any complaint has failed to be resolved by Almond.

13.2 We will ensure that there are in place appropriate procedures covering our responsibilities regarding disputes between tenants and owners, and between owners, regarding factoring services.

## **14.0 MONITORING AND REVIEW**

14.1 The Head of Housing Management will ensure, in liaison with management colleagues, that the provisions of this policy and the supporting procedures are implemented by all concerned.

14.2 The Head of Housing Management will submit an annual report on the provision of factoring services to the Management Committee, and may report more frequently if required.

14.3 The Head of Housing Management will ensure that this policy is reviewed by the Management Committee at least every five years.

<b>FIRST APPROVED IN</b>	<b>SEPTEMBER 1996</b>
<b>VERSION NO. 2.1 APPROVED IN</b>	<b>JULY 2007</b>
<b>NEXT REVIEW DUE BY</b>	<b>JULY 2012</b>
<b>COMPLIES WITH</b>	<b>Performance Standard 5.2 &amp; Chapter 2 of 'Raising Standards'</b>