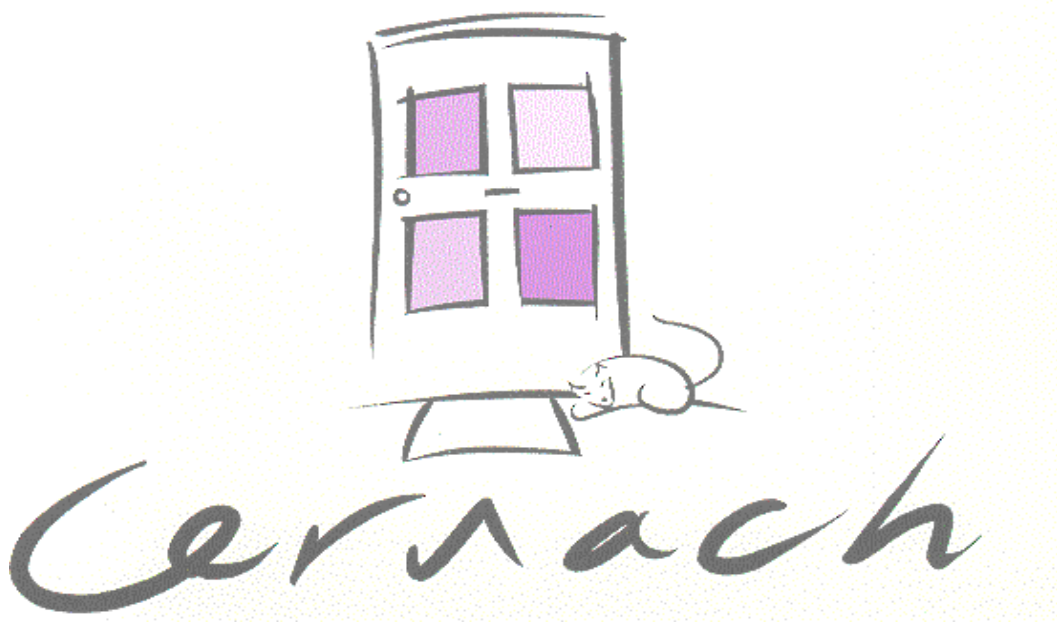


CERNACH HOUSING ASSOCIATION LIMITED



FACTORING POLICY

Date Approved by Management Committee:

18 September 2025

Date Issued to Staff

19 September 2025

Due for Review:

September 2028

1. Introduction

- 1.1 Cernach Housing Association as a landlord and factor accepts the responsibility for providing a range of services for all of the properties under its control.
- 1.2 The cost of providing a management and maintenance service to the tenants of the properties we own is borne by the Association funded from the rental income derived from these properties.
- 1.3 The costs involved in providing a factoring service to residential owners however must not be subsidised from our rental income and must be paid for in its entirety by the owner-occupiers. These costs may be borne in the first instance by the Association and then recharged to those involved.
- 1.4 This policy document will describe the range of services we will provide as factor and the arrangements, which may be made for the recovery of amounts due from householders.

2. Context

- 2.1 Cernach Housing Association created a mixed tenure estate through partnership working with a private house builder to provide housing for sale at Kingsmore Gardens. This was further supplemented by shared ownership provision in several of our new build developments where the sharing owners staircased subsequently to full ownership. All of the aforementioned housing stock is self-contained main door houses and cottage flats which limited the factoring service required by these owners however the stock transfer on 29th March 2010 brought about significant changes to the nature of the factoring service to include owners in tenements living side by side with tenants.
- 2.2 When owners within these tenements bought their home they accepted responsibilities that are set out in a document called the Deed of Conditions. This document clearly specifies the activities to be covered by a factoring service together with the rights and responsibilities of the owner and the factor. This document places a legal obligation on every owner within a block to contribute to the cost of maintaining common parts, footpaths and open areas linked to the property that are not maintained by the local authority.

3. Policy Aim

- 3.1 Through the operation of this policy the Association aims to provide an efficient and responsive factoring service to owners whose properties we factor. Through effective management we aim to ensure that the asset value of both our properties and the properties we factor is maintained and that occupiers generally are not adversely affected by the action or inactions of other occupiers.

4. Policy Objectives

- a) To ensure the efficient and effective upkeep of all our properties and common elements and areas.
- b) To clearly define the respective duties and responsibilities of both private owners and the Association.
- c) To allow owners to participate in cyclical and major common work programmes.
- d) To take firm and prompt action when problems occur.
- e) To ensure that owners are consulted and informed on common issues, and respective responsibilities.
- f) To plan for, arrange and oversee a programme of cyclical planned maintenance of the **common** parts pertaining to the property.
- g) To instruct minor repairs up to the sum of £200 without reference to the owner occupiers.
- h) To notify owners in writing when a repair in excess of £200 has been instructed.
- i) To notify owners of cyclical and planned maintenance programmes ahead of any works being instructed. The deeds however give the Association the power to instruct works under the tenement threshold of £2,000.00 plus VAT and recover the costs from owners without consultation.
- j) To liaise with other appropriate agencies in providing an effective factoring service (such as Environmental Health, cleansing, street lighting, insurance company etc.).
- k) To insure the property at full rebuilding value for tenement flats and for those owners of house properties who have opted into the buildings insurance service.
- l) To apportion costs for common repairs and render accounts on a bi-annually basis (from 01/04/2026)
- m) Maximise the recovery of monies owed by owners and minimise arrears and bad debts

5. Service Provision

5.1 The Association will offer factoring services where: -

- the Association has developed a new build project which contains privately owned properties.
- the Association has developed a new build project containing shared ownership properties and the property is now fully owned.
- the property is located in a block previously owned by the Local Authority/Lowther Homes and the owners voted for the Association to be factor.

6. Risk Management

6.1 This policy addresses the risks associated with:

- Failure to comply with the Code of Conduct imposed by the Property Factors (Scotland) Act 2011.
- Failing to keep the Association's properties and open spaces to a high standard of repair and maintenance causing danger to residents and visitors to the area.
- Failing to recover owner charges due to the Association leading to cash flow problems, tenant's rent subsidising the owners and a shortage of money to carry out repairs.
- Complaints from owners through a lack of communication leading to referral to the First-tier Tribunal.

7. Legislative and Regulatory Framework

7.1 Cernach HA is registered as a Factor with the Scottish Government under the Property Factors (Scotland) Act 2011. We have been registered from November 2012 and our Property Factor Registration No. is PF000149. This registration lasts for 3 years. The expiry date of our current application is March 2028.

7.2 Registered property factors are legally required to ensure compliance with the Act. There are 3 main elements to the Act.

1. A register of all property factors operating in Scotland.
2. A code of conduct.
3. A dispute resolution mechanism – the First-tier Tribunal for Scotland Housing Property Chamber

7.3 As per the Property Factors (Scotland) Act our factor responsibilities include –

- Registration as a Property Factor
- Re-registration every 3 years prior to expiry of the current registration
- Submitting annual returns to the Scottish Government and maintaining the Association's entry in the Scottish Property Factor Register
- Managing properties and land in accordance with the Code of Conduct for Property Factors as updated in August 2021
- Updating property details by 30 June each year
- Providing a Written Statement of Services to all owners who receive factoring services.

7.4 This policy also takes account of the revised Code of Conduct produced by the Scottish Government which took effect from April 2021.

7.5 We also operate this policy in line with The Scottish Social Housing Charter and

specifically the following Outcomes: -

Outcome 13: Value for Money

“Social landlords manage all aspects of their businesses so that tenants, owners and other customers receive services that provide continually improving value for money for the rent and other charges they pay”.

Outcome 2: Communications

“Social landlords manage their business so 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”

Outcome 3: Participation

“Social landlords manage their business so tenants and other customers find it easy to participate in and influence their landlord’s decisions at a level they feel comfortable with”.

8. Building Insurance

- 8.1 In mixed tenure blocks where we are acting as factor the owners are required to have their properties included in our block building insurance policy. Owners will be liable for any excess payable.
- 8.2 In developments where we are acting as factor the Association will allow owners the opportunity to participate in its ‘block policy’, should they choose. If specified in the Deed of Conditions that the Association as Factor is required to inspect Owners Building Insurance annually – procedures will be adopted to ensure that this is carried out.

9. The Factoring Service

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

9.1.1 Inspections

The common areas of the property will be regularly inspected in order to determine the condition in relation to the proposed cyclical/planned maintenance programme. The maintenance programme may be updated when inspection reveals a more rapid deterioration or may be deferred should the fabric/component be wearing better than expected.

9.1.2 Common Close Cleaning and Backcourt Maintenance

The Association employs an independent contractor to carry out the close cleaning within our properties and a landscape contractor to maintain the common backcourt areas and open spaces. The costs of these service charges will be recharged to the owners.

9.1.3 Repairs – Responsibility

The Association will only arrange and undertake common repairs as specified in the Deed of Conditions.

9.1.4 Types of Common Repairs

From time to time some day-to-day repair work will be required to common parts of the buildings. The Association will carry out this work as and when required in accordance with the Deed of Conditions and our repair policy. The cost of these routine repairs will be recharged to owners when the invoices are next sent out.

9.1.5 Regular Cyclical Maintenance – Common Elements

The Association has a system in place for the cyclical maintenance of our stock. This applies to slightly larger jobs, which will only occur every 2, 3 or 4 years and includes such items as common paintwork, e.g., boundary railings/fencing.

The Association will aim to inform all owners within the financial year of our cyclical maintenance programme for that year outlining how it will affect each individual in terms of the type of work to be carried out, when this will be done and the budgeted cost. It should be noted however that the timing and the costs of individual jobs might vary depending upon availability of contractors and tender returns. The actual costs of these cyclical works will be recharged to owners when the invoices are next issued after the work is complete.

9.1.6 Occasional Major Repairs - (long-term/future common repairs) – Flatted Properties

As properties became older certain items of major repair work are required to be carried out to prevent the houses deteriorating. Some of these items refer to the common parts of the building and as such all owners within the building will be responsible for paying a share of these costs. As the name implies this type of repair will be larger and more expensive than the routine repairs or cyclical repairs described at 9.1.5. Examples of this work would include re-roofing, controlled entry renewal etc. All owners would be required to pay their full share of the cost of any major repairs.

9.1.7 Information, Advice and Assistance

9.1.7.1 The Association has a full time Welfare Rights and Tenancy Sustainment Officer and this service is made available to owners.

9.1.7.2 The Association will signpost owners to other sources of advice and assistance in resolving neighbour disputes. For example, Glasgow City Council Community Relations Unit or Glasgow City Council Mediation Service.

9.1.7.3 The Association will arrange meetings on factoring services with owners as

required, or in response to a request from owners.

- 9.1.7.4 The Association will ensure that appropriate information on the factoring service is provided to owners in a variety of ways, including the Written Statement of services, Associations newsletters, website and social media.

10. Management Fee

- 10.1 Apart from the actual costs of insurance, close cleaning, backcourt maintenance, repairs, etc., the Association incurs a cost in providing a factoring service. These costs would include: -

- Staff time in arranging insurances
- Initiating insurance claims relating to common property-
- Organising repairs, routine & cyclical
- Printing, posting etc
- Dealing with general enquiries/complaints
- Arrange owners' consultation and close meetings as and when required
- Apportioning costs when houses are sold
- Supervising Contracts
- Liaising with Solicitors
- Provision of Written Statement of Services
- Issuing bi-annual (from 01/04/2026) invoices and enforcing debt recovery procedures for unpaid accounts including instruction of legal action
- Signposting homeowners to other relevant services

- 10.2 In order that the Association does not make a loss in its factoring activities, a charge in respect of a management fee will be levied. The Association, in accordance with our objectives, will try to keep this cost as low as possible but it must be set at such a level that we at least cover our costs.

- 10.3 Details of the management fee will be provided to owners each year and included within their invoices.

11. Deposit

- 11.1 The Association will hold a float of £50.00 for each property.

12. Invoicing

- 12.1 The Association will review the level of charges annually and give at least four weeks written notice of any changes in the charges to be levied.
- 12.2 Owner accounts will be invoiced bi-annually. Owners are expected to clear their account promptly and within 28 days from date of invoice.

13. Payment Methods

- 13.1 Our preferred option of payment is direct debit but if this doesn't suit your needs you

can pay by: -

- a) Allpay
- b) By Standing Order
- c) By cheque at the Association's office or by post
- d) By phone using debit card or credit card
- e) Online at www.cernachha.co.uk using debit or credit card
- f) In cash at the Associations office

14. Arrears Control

- 14.1 The Association will adopt a flexible and reasonable approach to ensure that arrears are minimised, and outstanding debts are recovered.
- 14.2 Early contact is essential if an owner's factoring accounts falls into arrears, and we will make every attempt to establish personal contact by phone call, visit, letter, text or email. Invoices are due to be paid within 28 days from date of invoice. If invoices remain outstanding after this time, a reminder letter is issued. If the arrears remain on the account after the first and second arrears letters are issued, then a charge of £15 will be added to the balance.
- 14.3 When owners' meetings in mixed tenure closes are called to discuss costs, owners will be advised during the meeting that payment arrangements can be made.
- 14.4 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 bi-annual invoice is issued. The Association is always willing to discuss payment methods and agreements to clear accounts over a longer period. It is important that the owner contacts the Finance and Corporate Services team, should they be unable to clear the balance in full and to discuss any proposed arrangements so that it can be agreed and formally noted on the account.
- 14.5 Arrangements for payment instalments will be made when appropriate, however accounts must be cleared by the end of the current financial year. Any payment agreement agreed will be confirmed in writing.
- 14.6 Customers who default on their payment arrangement and fail to contact to discuss, will be passed to our solicitors to commence legal action or referred to a debt collection agency. The owner will be responsible for payment of any legal fees incurred in recovering the debt.
- 14.7 Where owners fail to contact to advise of difficulties clearing their account then a £15 charge will be levied on their account, and they may be passed to our solicitors or a debt collection agency.
- 14.8 This could lead to the owner's details being placed on a credit blacklist and result in them having difficulties obtaining credit facilities.
- 14.9 We will only consider legal action to recover outstanding balances as a last resort.

14.10 Raising court actions against debtors in these circumstances would likely involve the small claims procedure, which is the court procedure that deals with debts of £3,000 or less. This procedure is designed to be used by parties themselves and would not be particularly cost effective if solicitors were involved.

14.11 There may be some cases where the Association will instruct their solicitor to lodge a Notice of Potential Liability (NOPL) against the property for owners. This may be used in instances where owners fail to engage, make payment, or keep to a payment arrangement. The NOPL is lodged against the Title of the Property and means that the owner cannot sell the property without the Association being involved in the process. This should enable the Association to recover all monies outstanding. If the money is not recoverable from the selling owner, the new owner of the property becomes liable for the amount outstanding and will be pursued for the debt. The NOPL must be renewed every three years. The Corporate Service Officer in conjunction with the Finance Officer will look at each owner on an individual basis and make the decision as to whether this action is deemed necessary.

15. Record Keeping

15.1 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.

16. Notification of Resale

16.1 If an owner is proposing to sell their property the Association must be advised by their solicitors of the details of the sale including the new owner's name, etc.

16.2 Any outstanding repairs will be apportioned between the new owners accordingly and invoices issued to the selling solicitor for payment.

16.3 The float of £50 will be deducted from the final bill or returned to the solicitor if the account is cleared.

17. Equality and Human Rights

17.1 The Association's Equality and Human Rights policy, which was approved by the Committee in April 2025, outlines our commitment to promote a zero tolerance to unfair treatment or discrimination to any person or group of persons, particularly on the basis of any of the protected characteristics¹. This includes ensuring that everyone has equal access to information and services, and, to this end, the Association will make available a copy of this document in a range of alternative formats including large print, translated into another language or by data

¹ The Equality Act 2010 identifies the "protected characteristics" as age, disability, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex, gender reassignment and sexual orientation.

transferred to voice.

- 17.2 We are also aware of the potential for policies to inadvertently discriminate against an individual or group of individuals. To help tackle this and ensure that it does not occur, best practice suggests that organisations carry out Equality Impact Assessments to help identify any part of a policy that may be discriminatory so that this can be addressed (please see section 6 of the Equality and Human Rights policy for more information).
- 17.3 In line with section 6 of the Equality and Human Rights Policy, the Association carried out an Equality Impact Assessment on this policy and no remedial action was identified as necessary. The full assessment is appended at the end of this policy.

18. Responsibility & Delegated Authority

- 18.1 The Management Committee has delegated the Operations Sub-Committee authority to monitor the level of factoring arrears.
- 18.2 Implementation of this policy will be the responsibility of the Operations Manager. The Operations Manager will report to the Director and the Operations Sub Committee on key performance indicators. The Senior Housing Officer and Senior Maintenance Officer have responsibility for the key aspects of the day-to-day service delivery, with delegation of specific tasks to appropriate staff. The Finance Officer has responsibility for issuing invoices and the Corporate Service Officer for factoring arrears recovery.
- 18.3 The Operations Sub-Committee will receive monthly reports on factoring arrears levels.

19. Role of Local Authority

- 19.1 Under the provisions of the Tenement (Scotland) Act 2004 the local authority can become involved with issues common to a property, such as roof repairs, where there are two or more owners and the property is in decline due to the non-agreement of all interested parties to maintain the property. In addition under the provisions of the Housing (Scotland) Act 2006, the local authority may through its scheme of assistance be able to offer useful advice and information to owners whose properties are in a state of disrepair.
- 19.2 There are several properties where owners failed to participate in the improvement works. Whilst the properties concerned do not currently fail the Scottish Housing Quality Standards (SHQS) they will continue to deteriorate in the future. The Association in this instance will be required to submit an exemption to the Scottish Government from the SHQS for the failure of these properties on the basis of disproportionate costs.

20. Written Statement of Services

- 20.1 This is a contractual document, which lays down the terms and conditions on which the Association factors properties. It does not supersede the Deed of Conditions but supplements it providing additional information on the Association's policies.
- 20.2 Under the Code of Conduct, Cernach HA is required to provide each homeowner with a written statement setting out, in a simple and transparent way, the terms and service delivery standards of the arrangement in place between Cernach and the homeowner.
- 20.3 Cernach HA will provide the written statement:
- to any new homeowners within four weeks of agreeing to provide services to them;
 - to any new homeowner within four weeks of Cernach HA being made aware of a change in ownership to a property Cernach HA already manages;
 - to existing homeowners within one year of initial registration as a property factor – this has been completed within the timescale;
 - to any homeowner at the earliest opportunity (not exceeding one year) if there are substantial changes to the terms of the written statement.

21. Neighbour disputes

- 21.1 Owners are expected to conduct themselves in a manner, which does not cause annoyance or nuisance to their neighbours and in accordance with statute, local byelaws and the Deed of Conditions.
- 21.2 Any breaches of statute or conditions laid down in the Deed of Conditions should be referred to the Association for advice or intervention as required. This will not, however, prejudice the right of any owner to take such legal action as they see fit.
- 21.3 It should be noted that whilst owners may contact the Association regarding disputes relating to neighbouring tenants the Association does not provide owners with the full Housing Management service available to tenants.

22. Customer Satisfaction

- 22.1 The Association is committed to a high level of customer satisfaction, seeking continuous improvement. The Association will carry out an independent owner satisfaction survey every three years, which will include questions on owner issues and will disseminate the results to the owners.

23. Complaints Procedure

- 23.1 The Association has a published complaints policy & procedure, which can be

used where there is dissatisfaction with this policy or the operation of this policy. Any owner who feels aggrieved by their treatment under this policy can ask for a copy of the Association's complaints policy, which is available at the Association's office and on the website www.cernachha.co.uk.

23.2 As with all our service policies, the complaints policy can be made available in large print, translated or put on tape.

23.3 Owners also have the right to complain to the:

Housing and Property Chamber
First-tier Tribunal for Scotland
Glasgow Tribunals Centre
20 York Street
Glasgow
G2 8GT

Phone number: 0141 302 5900

24. Staff Training

24.1 Cernach recognises that it is extremely important to factoring arrears prevention that the resourcing and training of staff is adequate to meet all the needs of its owners. The Association is committed to making training relating to effective prevention and factoring arrears control available to staff. Training should be updated as appropriate. Staff will be encouraged to network with other RSLs in order to share best practice in dealing with factoring arrears.

25. Policy Review and Owner Consultation

25.1 The Association has developed this policy in consultation with owners, Tea & Talk sessions, through owner satisfaction feedback, using various methods of communications and account taken of representations made.

25.2 The Association will publish a summary of this policy in our newsletters and make it available on the Association website.

25.3 The Operations Sub-Committee and the Management Committee will review the factoring policy every three years. This review will be brought forward if there is a need to respond to new legislation and/or policy guidance.



Cernach Housing Association Equality Impact Assessment Tool



Name of the policy / proposal to be assessed	Factoring Policy	Is this a new policy / proposal or a revision?	Revised
Person(s) responsible for the assessment	Laura Cuthbertson		
1. Briefly describe the aims, objectives and purpose of the policy / proposal	To provide an efficient and effective factoring service to the owners whom we provide with a property factor service.		
2. Who is intended to benefit from the policy / proposal? (e.g. <i>applicants, tenants, staff, contractors</i>)	Factored Owners		
3. What outcomes are wanted from this policy / proposal ? (e.g. <i>the benefits to customers</i>)	To ensure owners are aware of and receive the factoring service to which they are entitled to. Provides staff with procedures to follow to provide a consistent and fair approach when dealing with owner queries		



4. Which protected characteristics could be affected by the proposal? (tick all that apply)

- ☐ Age
 ☒ Disability
 ☐ Marriage & Civil Partnership
 ☐ Pregnancy/Maternity
 ☒ Race
☐ Religion or Belief
 ☐ Gender
 ☐ Gender Reassignment
 ☐ Sexual Orientation

5. If the policy / proposal is not relevant to any of the protected characteristics listed in part 4, state why and end the process here.

After consideration, there is no known elements of this policy which could impact any protected characteristics.

6. Describe the likely positive or negative impact(s) the policy / proposal could have on the groups identified in part 4

Positive impact(s)	Negative impact(s)
- This policy can be made available in alternative formats upon request such as braille and large font.	- Accessibility for those with a disability which requires an alternative communication format. - Language barrier for those whom English not their first language in accessing support.

**Cernach Housing Association
Factoring Policy 2025 (Continued)**



7. What actions are required to address the impacts arising from this assessment? *(This might include; collecting additional data, putting monitoring in place, specific actions to mitigate negative impacts).*

Signed: *Laura Cuthbertson*

Date the Equality Impact Assessment was completed:

04/08/2025 (Job title): Operations Manager

Please attach the completed document as an appendix to your policy / proposal report