



## REIDVALE HOUSING ASSOCIATION

### Factoring Policy

Policy Number	
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Author	Interim Factoring Manager

## POLICY SUMMARY

<b>Purpose:</b>	The purpose of this policy is to set out the governance framework for the Association's factoring service, including the legal hierarchy, principles and responsibilities that guide decision making. Operational arrangements and service standards are contained in the Written Statement of Services, the WSOS.
<b>Legislation/ Guidance:</b>	<ul style="list-style-type: none"> <li>• Property Factors Scotland Act 2011</li> <li>• Property Factors Code of Conduct</li> <li>• Title Conditions Scotland Act 2003</li> <li>• Tenements Scotland Act 2004</li> </ul>
<b>Regulatory Compliance:</b>	<p>This policy supports compliance with the Scottish Housing Regulator's Standards of Governance and Financial Management, including:</p> <ul style="list-style-type: none"> <li>• <b>Standard 1:</b> Compliance with the law and good governance</li> <li>• <b>Standard 2:</b> Management of resources to ensure financial well being</li> <li>• <b>Standard 5:</b> Honesty and integrity in all activities</li> </ul>
<b>Linked Policies:</b>	<ul style="list-style-type: none"> <li>• Written Statement of Services</li> <li>• Complaints Handling Procedure</li> <li>• Community Investment Strategy</li> <li>• Financial Regulations</li> </ul>
<b>Financial Impact:</b>	Medium
<b>Risk Assessment:</b>	Medium
<b>Date Reviewed:</b>	
<b>Date Approved by Management Committee:</b>	17.12.25

## CONTENTS



2.		1
	POLICY SUMMARY.....	2
	CONTENTS.....	3
1.	INTRODUCTION .....	4
2.	AIMS AND OBJECTIVES.....	4
3.	DEFINITIONS.....	4
4.	SCOPE .....	4
5.	GOVERNANCE AND AUTHORITY TO ACT.....	5
6.	PRINCIPLES OF THE SERVICE .....	5
7.	ROLES AND RESPONSIBILITIES.....	5
8.	APPROACH TO FACTORING.....	6
9.	COMPLAINTS .....	7
10.	POLICY AND WSOS REVISION.....	7

## 1. INTRODUCTION

- 1.1. The Association acts as property factor for mixed tenure buildings in accordance with title deeds, statutory provisions and established custom and practice. This policy sets out the governance arrangements for the service. The WSOS describes all operational processes and will not be duplicated in this document.

## 2. AIMS AND OBJECTIVES

- 2.1. The aims and objectives of this policy are to:
- Ensure full compliance with relevant legislation and the Property Factors Code of Conduct.
  - Provide a clear governance framework for decision making.
  - Protect the Association, owners and tenants by ensuring accurate and lawful application of all responsibilities.
  - Support financial sustainability and strong risk management.
  - Promote consistency and fairness in the delivery of factoring services.

## 3. DEFINITIONS

- 3.1. For the purpose of this policy:
- **Owner** means any person holding heritable title to a flat or unit within a factored block.
  - **Common parts** means all parts defined as common in the title deeds or under the Tenements Scotland Act 2004.
  - **Float** means the advance sum held on account to support common expenditure
  - **Sinking fund** or cyclical fund means funds collected for future planned or major works.
  - **WSOS** means the Written Statement of Service which sets out all operational standards.

## 4. SCOPE

- 4.1. This policy applies to all properties factored by the Association where we own at least one property within the building.
- 4.2. The Association acts as factor where appointment is established through:
- Title deeds
  - Statutory provisions under the Tenements Scotland Act or Title Conditions Act

- Established custom and practice in blocks where the Association also has an ownership interest

4.3. This policy applies to residential and commercial owners.

## **5. GOVERNANCE AND AUTHORITY TO ACT**

5.1. The Association delivers its factoring service in accordance with the title deeds for each property. Title deeds take precedent in all matters relating to maintenance, responsibility and apportionment.

5.2. Where title deeds are silent, contradictory or incomplete, the Association will act in accordance with the Tenements Scotland Act 2004 and the Title Conditions Scotland Act 2003.

5.3. The WSOS sets out operational standards, delegated authority and charging arrangements as required by the Property Factors Scotland Act 2011.

5.4. The Management Committee has strategic oversight of the service. Approval of fees, material amendments to the WSOS and changes to service structure require Committee approval.

5.5. The Director and senior staff hold delegated authority to implement this policy and administer the service in accordance with the WSOS.

## **6. PRINCIPLES OF THE SERVICE**

6.1. The service will operate in line with the following principles:

## **7. ROLES AND RESPONSIBILITIES**

7.1. The Association is responsible for:

- Delivering the service in accordance with the WSOS and title deeds.
- Maintaining accurate ownership and apportionment records.
- Ensuring proper financial controls and separation of rental and factoring accounts.
- Managing conflicts of interest.
- Monitoring service performance and compliance.
- Ensuring the Committee receives regular performance and financial reports.

7.2. Owners are responsible for:

- Complying with their title deeds.
- Paying their share of common costs.
- Providing accurate and up to date contact and ownership information.
- Allowing reasonable access to support common repairs.
- Engaging constructively with the Association,

## **8. APPROACH TO FACTORING**

8.1. The Association applies the following approaches to support financial stability, fairness and effective administration. These approaches operate within the limits of title deeds, legislation and the WSOS.

### **8.2. Sinking funds and advance funding**

8.3. The Association supports the establishment of sinking or cyclical funds. Contribution levels will be informed by building condition surveys, lifecycle costing and thirty year investment projections. Where funds are unavailable or insufficient, advance payment may be required before planned or major works proceed.

### **8.4. Change of owner and protection of debt**

8.5. The Association will require advance settlement of forthcoming costs at the point of sale to protect other owners from unrecoverable charges..

### **8.6. Use of Notice of Potential Liability (NOPL)**

8.7. The Association will register a NOPL when required to protect the interest of all owners. Decisions will be proportionate, evidence based and aligned with the WSOS and debt recovery policy. Registration of a NOPL does not replace engagement with the owner and will be used as a protective measure only when justified.

### **8.8. Financial hardship**

8.9. The Association will adopt a supportive approach where an owner experiences financial hardship. Owners remain responsible for their obligations but reasonable payment arrangements will be considered, and signposting to independent money advice will be offered. Decisions will balance compassion with the need to protect other owners and the financial sustainability of the service.

## **9. COMPLAINTS**

- 9.1. Complaints will be handled in accordance with the Association's Complaints Handling Procedure, which is based on the Scottish Public Services Ombudsman's model procedure for Registered Social Landlords.
- 9.2. Owners who remain dissatisfied after the Association's Complaints Handling Procedure is fully exhausted may apply to the First tier Tribunal for Scotland in accordance with the Property Factors Scotland Act 2011.
- 9.3. Matters relating specifically to the conduct of the Association as a Registered Social Landlord may be escalated to the Scottish Public Services Ombudsman as set out in the Complaints Handling Procedure.

## **10. POLICY AND WSOS REVISION**

- 10.1. This policy will be reviewed at least every three years. The review will take account of legislative changes, good practice, Tribunal decisions, service user feedback and updates to the WSOS.
- 10.2. Where the WSOS is substantively amended, this policy will be reviewed to ensure continued alignment.