



Property Factoring Strategy

Policy Ref: CS9

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| Prepared By | Operations Director |
| Date of Current Review | February 2024 |
| Date of Next Review | February 2027 |
| Reviewed By | PWL Board |

1. Introduction

- 1.1.** Partick Works Limited (PWL) is a non-charitable trading subsidiary of Partick Housing Association (PHA). The relationship between PHA and PWL is governed by an Independence Agreement, although the two organisations have a shared purpose, vision, values and aims. PWL provides property factoring services to homeowners, leases commercial and private residential premises and is involved in other business initiatives.
- 1.2.** This Strategy provides details of the services that we deliver to residential and commercial owners. We are committed to delivering quality services, meeting the needs of our customers and demonstrating value for money. It also sets an agenda for pursuing continuous service improvement as well as business growth, diversification, consolidation and rationalisation.
- 1.3.** This Strategy sets out PWL's intention to deliver property factoring services as a commercial business. Our objectives include:

 - delivering quality services and customer satisfaction;
 - complying with PWL's Customer Charter & Service Standards;
 - providing homeowners with well-maintained back courts and common areas;
 - understanding the cost of running the service and providing customers with clear information about services and charges;
 - providing well maintained common areas where people feel safe to stay;
 - understanding our customers' needs and expectations;
 - ensuring that the cost of new service requests and mandated works projects are fully met and accounted for;
 - rationalising our property factoring service and withdrawing from unviable blocks; and
 - aligning our property factoring activities with our Asset Management Strategy to inform decisions around stock retention, disposal and/or acquisition.

2. Legislation and Regulatory Context

- 2.1.** PWL complies with the Property Factors (Scotland) Act 2011 (the Act), and as such we are a registered Property Factor, issue Written Statements of Service and comply with the Code of Conduct for Property Factors.
- 2.2.** The Scottish Government approved PWL's initial registration as a Property Manager on 1 November 2012, which is reviewed and renewed every three years.

- 2.3.** The Code of Conduct sets a minimum standard of practice for registered Property Factors and meets the Act's requirements in relation to how and what is communicated to factored homeowners. It also refers to the First-tier Tribunal for Scotland (Housing and Property Chamber), which supports factored homeowners with service complaints.
- 2.4.** The Scottish Housing Charter sets out the standards and outcomes that all social landlords should aim to achieve when performing their activities. The Charter requires that:
- *“Social Landlords manage all aspects of their business so that tenants, owners and other customers receive services that provide continually improving value for the rent and other charges they pay.” (Scottish Social Housing Charter Outcome 13: Value for Money)*
- 2.5.** In May 2016, the Scottish Housing Regulator published 'Factoring Services in Scotland – a thematic inquiry'. This set out examples of good practice and the key themes which are summarised below.
- being clear and transparent in our approach to setting and increasing factoring fees that demonstrates that costs are accurately identified, apportioned and recovered;
 - providing a robust process to assess and demonstrate that factored homeowners are receiving a value for money service;
 - providing good quality information to factored homeowners in relation to the factoring service;
 - giving factored homeowners detailed information on any charges;
 - consulting with factored homeowners to understand their needs and priorities;
 - giving factored homeowners opportunities to participate in key decisions; and
 - developing and implementing robust action plans in response to the findings of satisfaction surveys and consultation work.

3. Key Themes of our Property Factoring Strategy

3.1. Value For Money

We carry out a robust assessment on the costs of providing our property factoring services so that we are clear in our approach to how we set our property factoring fees.

We need to demonstrate that costs are being accurately identified, apportioned and recovered and that we have robust processes in place to assess and demonstrate that factored homeowners are receiving a Value For Money (VFM) service.

We should be benchmarking our property factoring services and property factoring fees with other comparable property factors and reporting details to the PWL Board when we review our property factoring services and fees.

We need to look to examples of good practice from other property factors and businesses, being mindful of changes in customer expectations, using technology and identifying smarter ways of working that will improve our efficiency.

3.2. Communications

PWL has its own distinct branding, logo and website which differentiates us from PHA and highlights our independent, commercial and professional approach to property factoring activities.

In order to meet our statutory responsibilities arising from the Act, we provide all factored homeowners with a Written Statement of Services in a prescribed format. We include a Factoring Guide and Newsletter on our PWL website, along with other relevant information, including payment methods.

Our factoring invoices seek to be laid out clearly and show factored homeowners the items they are being charged for.

We also provide information on how to make a complaint.

3.3. Participation

PWL consults with factored homeowners as appropriate on specific works, projects or issues that affect them directly. We may hold meetings and seek feedback to understand their needs and consider an agreed way forward.

3.4. Customer Satisfaction & Complaints

We commission an independent satisfaction survey of our PWL factored homeowners, every three years or so.

This provides us with important insight into the views and perceptions of a representative sample of our customers. The feedback allows us to understand where we perform well, but also potential areas where we might do things differently.

Our most recent survey took place in late 2023 and we sought feedback on.

- % of customers who were satisfied with PWL's overall factoring service;
- % of customers who believed PWL were very or fairly good at keeping them informed about our services and decisions; and
- % of customers who were very or fairly satisfied that their building is well maintained.

We collate the findings using a 'you said, we did' format to frame our Property Factoring Action Plan. The findings are fully considered by the PWL Board as we review and update our Action Plan. Our next customer satisfaction survey is scheduled for late 2026.

PWL receives a limited number of complaints and notes of dissatisfaction. Nevertheless we are committed to learning from comments, compliments and complaints to identify any potential areas of service improvement.

3.5. Continuous Improvement & Working in Partnership

To improve the quality of the services we provide, we review customer feedback and examples of good practice from other property factors. We carry out routine property inspections, sometimes in conjunction with factored homeowners, so that we have a clear understanding of key issues and priorities.

We may signpost factored homeowners to others who can provide appropriate advice. Some customers may be able to seek advice from the Council in relation to private sector housing grants or assistance from the local Care & Repair service.

3.6. Delivering Services & Major Works

We manage important but relatively low-value contracts such as grounds maintenance; waste management; and common close cleaning & common window cleaning. We are also involved in more significant repairs, maintenance and major works contracts within factored blocks.

3.6a Fully Owned Blocks (with no PHA interest)

PWL will only become involved in major improvement works within fully owned blocks where the following criteria apply:

- there is a strategic fit with our core area of operation;
- PWL has the skills and capacity to deliver the service;
- the cost of managing the service can be fully accounted for and recharged to factored homeowners;
- costs can be charged and paid for in advance of the service being provided; and
- there is support from all affected homeowners.

An exception to the above would apply where factored homeowners were willing to bear the full cost of the work, or where the Council had already committed to fund missing shares under its Private Sector Housing Scheme of Assistance.

In fully owned blocks, PWL will not fund missing shares by placing charges on their property. The staff costs involved in establishing whether grant funding is available, at what level and for what scope of work, will be fully accounted for and recharged to factored homeowners whether the project proceeds or not.

All costs need to be recovered by recharging the factored homeowners and should be paid in advance before work is instructed unless there are exceptional circumstances where PWL has to respond to an emergency situation for health and safety reasons.

3.6b Mixed Tenure Blocks (with some PHA interest)

In mixed tenure blocks an opportunity to become the property factor and deliver major improvement works may be considered where this would be consistent with PHA's Asset Management Strategy and it would be beneficial to affected PHA tenants.

In cases where the lack of a common repair could affect the habitability of a PHA-owned flat, PWL may consider proceeding with common repairs on the basis of a majority instruction. We will consider front-funding missing homeowner shares by placing a charge on their property as a last resort.

PWL will ensure that factored homeowners are advised that the annual factoring fee covers the cost of providing the range of services specified in **Annex A**. PWL will not act on new service requests or amendments to existing services requested from individual factored homeowners without first establishing that a majority of factored homeowners within a block are willing to receive and pay for the service.

PWL will charge factored homeowners for the full cost of procuring, managing and administering all contracted services and major works requests not included in the annual factoring fee (refer to **Annex A**). Charges will be uplifted by a minimum 10% and may be further increased to reflect PWL's administration of any works.

3.7. Asset Management

During the course of this Strategy, PWL will consider ways in which it can consolidate and/ or grow its property portfolio within the context of PHA's Group Corporate Plan, Asset Management Strategy and Acquisitions Strategy.

PHA/PWL may actively consider acquisitions where there is a good strategic fit and where these would enable us to have a majority stake and take over property factoring responsibilities within a particular block. Similarly PHA/ PWL may look to dispose of poorly performing assets or withdraw providing services where there is a poor strategic fit, our role is limited and where management and maintenance costs are unviable and unsustainable.

4. Consolidation of PWL's Property Factoring Portfolio

- 4.1.** PWL aims to consolidate its business interests within our core areas of operation in Glasgow's West End. We will actively withdraw from blocks where there is no PHA interest; where it is no longer financially viable or sustainable to be involved; where there is limited engagement with factored homeowners and where factored homeowners are not willing to invest in carrying out repairs and maintenance to their building; and/or where there is a potential business risk to PWL.
- 4.2.** For longer term business planning purposes, we assume that our core property factoring service will cover around 1,550 properties. We might withdraw from a small number of other PWL factored blocks in due course. However this might be offset to some extent if there was a sound business case to take on some property factoring business where there was a strong strategic fit for PWL and where it would be financially viable to do so (possibly in blocks where PHA had an interest, but there was a third-party factor operating). We will prepare a business case for approval by the PWL Board before withdrawing from factoring blocks or taking on any new property factoring business.
- 4.3.** We will survey and carry out a visual inspection of PWL factored blocks, initially focusing on those PWL factored blocks where PHA has no interest. This will help us develop a profile of 'green', 'amber' and 'red' blocks to retain, review or withdraw respectively.
- 4.4.** 'Green' blocks are those that are viable and should be retained because they are in good condition, there are no known issues and factored homeowners are paying their way.
- 4.5.** 'Amber' blocks are those that may be viable and could be retained, but there might be some minor concerns about stock condition, other known issues and/ or there is a concentration of sums outstanding by factored homeowners.
- 4.6.** 'Red' blocks are those that are unviable and where PWL should exit because they are in poor condition, there are known issues and/ or there is a concentration of sums outstanding by factored homeowners.

4.7. PHA Tenants Factored by Third Party Property Factors

PHA currently has a small number of its tenants living in blocks which PWL does not factor, but where there are 'third party' acts as property factor.

This can cause challenges as these commercial property factors can be relatively expensive and less responsive to the needs of PHA's tenants, necessary common repairs, environmental services, etc.

PWL will support PHA tenants in such blocks by reviewing the possibility of PWL becoming the property factor where there is a rational and viable business case for PWL to do so and where a majority of those within the block would formally agree to switch property factor to PWL.

We will initially target and prioritise those blocks where PHA has significant interest and most likely to secure majority support. We will do this in line with any specific legislative or other requirements set out within the relevant title deeds or Written Statement of Services.

Any decision to take on the factoring of a new building will be informed by a detailed business case, including a scheme appraisal with an assessment of the fabric and condition of the building, the willingness/ ability of homeowners to engage in common repairs or major works and the potential benefits to both PWL and PHA.

Signed factoring agreements must be in place with factored homeowners before PWL would take on the role of property factor and a Written Statement of Services issued.

We will not generally look to take on the role of property factor in blocks where PHA has no interest.

5. Outcomes

5.1. This Strategy will support PWL to:

- comply with the Property Factors (Scotland) Act 2011 and subsequent amendments and refresh PWL's approaches to reflect any recognised good practice;
- have a rational approach to setting and increasing our property factoring fees and demonstrate that we recover the costs of the services we provide;
- demonstrate how VFM is being achieved;
- communicate effectively with our factored homeowners;
- ensure that factored homeowners have the right information to understand their charges on their invoices;
- obtain service user input to review service delivery and develop possible service improvements;
- set out service standards, service improvements, business diversification and consolidation;
- consolidate our core factoring business so that resources are effectively deployed to deliver VFM; and
- simplify and streamline administrative processes and give customers easy access to services and information in a format that meets their needs.

6. Monitoring and Review

6.1. This Strategy will be reviewed every three years, but we may review or amend it sooner to reflect changes to legislation/ regulations or good practice.

Annex A: Service Provision

- 1) Factoring Fee
 - Staff costs
 - Overheads (Office, ICT, Stationery)
 - Insurance claims management
 - Issuing factoring accounts
 - Processing payments & arrears control
 - Reactive repairs (common)
 - Neighbour complaints (tenants)
 - Service enquiries and complaints
 - Co-ordinating new environmental services requested by residents
 - Annual review of charges
 - Change in ownership
 - Setting up new factored homeowners, providing information packs
 - Liaising with Council services
 - Customer satisfaction surveys
 - Annual environmental audit inspections
 - Arranging direct debits and payment plans

- 2) Contracted Services (Tendered price plus procurement, management, and administration costs and profit at a commercially competitive rate)
 - Insurance
 - Property Valuation
 - Back-court maintenance
 - Bulk uplift
 - Bin store clean
 - Bin pull out service
 - Bin store Power wash
 - Close window cleaning
 - Window cleaning
 - Gutter cleaning
 - Roof anchor checks
 - Water testing
 - Stair lighting administration
 - Common electrical supply
 - Reset time clocks
 - Major common works
 - Close painting
 - Structural repairs
 - Major roof repairs
 - Door entry upgrades
 - One-off improvement and major repair projects