



## Bridgewater Housing Association Policy

<b>Policy name</b>	Factoring Arrears Policy
<b>Policy category</b>	Property Services
<b>Policy number</b>	PS12
<b>Date adopted</b>	December 2012
<b>Last review</b>	December 2021
<b>This review</b>	June 2024
<b>Next review</b>	June 2027
<b>Equalities impact assessment required</b>	Yes
<b>Links to other documents</b>	Factoring Policy Complaints Handling Procedure
<b>Consultation</b>	This policy was circulated to the Property Services and Leadership teams for comment.

***This policy can also be provided in large print, braille, audio, or other non-written format and in a variety of languages on request. Please contact the Association by emailing [admin@bridgewaterha.org.uk](mailto:admin@bridgewaterha.org.uk) or call 0141 812 2237 to request this.***

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## **1. INTRODUCTION**

- 1.1 Bridgewater Housing Association(BHA) provides a factoring service to owner occupiers within Erskine. We factor around 2700 owners, 200 of which are flat owners within blocks of flats that Bridgewater have an ownership interest in. Factoring services extend to the management and maintenance of common parts of buildings, open spaces, footpaths and carparks and for invoicing and collecting payments for services provided.
- 1.2 Bridgewater Housing Association is bound by the Property Factors (Scotland) Act 2011 and the Code of Conduct for Property Factors (Property Factor Registration No PF000105). It is a requirement of the code that property factors have a written procedure for debt recovery. This policy has been developed in line with Section 4 of the Code of Conduct and sets out Bridgewater HA's approach to the recovery of factoring debt.
- 1.3 The policy identifies and addresses the risk to the association which can occur through failure to recover owners' debts. These risks include, but are not limited to:
  - Tenants subsidising the cost of works or services which owners are legally responsible for.
  - Potential future cash flow issues for the association through the non-recovery of debt.
  - Inability to maintain properties and common areas to an adequate safe standard.
  - Escalation of arrears because of poor levels of debt recovery.
  - Increasing legal costs through the need to instigate legal action for the recovery of debt.
  - Costs of providing a service to owners which exceeds the management fee income.
- 1.4 To minimise risk, the Association will engage in robust and timely recovery practises to ensure that settlement of outstanding balances is achieved at the earliest possible opportunity.

## **2. SCOPE**

- 2.1 This policy applies to the recovery of factoring arrears including Management Fees, Buildings Insurance, Ground Maintenance, Reactive Repairs, Improvement Works, Cyclical Works, Major Repairs as well as recovery costs associated with late payments and Legal Action and any other relevant charges to owners.

## **3. LEGAL AND REGULATORY FRAMEWORK**

- 3.1 Bridgewater HA will operate within the legal framework, including the Property Factors (Scotland) Act 2011, The Code of Conduct for Property Factors and the Title Conditions (Scotland) Act 2003.
- 3.2 We will comply with the Data Protection Act 2018 and the General Date Regulations 2018.

## **4. AIMS AND OBJECTIVES**

- 4.1 Bridgewater HA aims to provide an efficient and effective factoring service to its owners and ensure effective maintenance of its factored portfolio. To provide value for money and to ensure the long-term sustainability of the service, it is essential that Bridgewater HA take a robust but sensitive approach in the management and recovery of factoring arrears.
- 4.2 The Association recognises that maximising income to minimise debts is important for everyone living in our management areas.
- 4.3 Bridgewater HA will maximise income through the recovery of factoring charges and minimise the level of owners' debts via three key areas – Debt Prevention, Debt Management and Debt Recovery.

### **DEBT PREVENTION**

- 4.4 Bridgewater HA are committed to taking a proactive, preventative approach to owners' debt. Prevention and early intervention are key to the success of debt recovery, and we will only raise court actions as a last resort having exhausted all other options. This will be achieved through robust monitoring, making it possible to identify issues before they escalate.
- 4.5 We will promote early action to prevent arrears from occurring and we will do this by ensuring that our new customers have comprehensive information on their obligations as per the Written Statement of Services, annual or biannual billing as per the title deeds and ensure they are aware of the various payment methods available to them. It is equally essential that our owners provide us with their contact details when they take ownership of a property to ensure they are receiving correspondence via their preferred method.
- 4.6 Our focus at the early stages of arrears recovery is as follows:
- establish contact and build up an effective relationship with the owner;
  - establish the reasons for non-payment;
  - make a formal arrangement to pay signed by the owner and a copy issued to them;
  - advise owners of consequences of failing to adhere to this arrangement;
  - confirm the strict monitoring arrangement that will be put in place to confirm adherence.
- 4.7 The Association offers a variety of payment methods which include:
- Payment at the post office using the payment card issued;
  - payment by telephone using a credit/debit card;
  - payment online via [www.mybha.org.uk](http://www.mybha.org.uk) using a credit/debit card
  - by Direct Debit or Standing Order.
- 4.8 Invoices are normally issued with a 30-day payment period. BHA recognise that on occasion owners may experience financial difficulties that affect their ability to pay. We will encourage owners to contact us as soon as possible to prevent escalation of arrears. We will provide support in the way of making a reasonable arrangement and signposting to other agencies who may be able to assist.

- 4.9 Bridgewater HA will ensure all large contract works are notified where possible, 6 months in advance to owners, notifying them of potential costs and encourage the owner to set up a suitable payment plan to cover the costs of the works. BHA will also assess the financial risk to the association prior to carrying out Improvement Works to the common parts of multi-tenure blocks.

## **DEBT MANAGEMENT**

- 4.10 An effective software system in conjunction with our accounting system will be maintained and we will proactively monitor all factoring accounts. Owners will be provided with a factoring invoice on an annual (for houses) or biannual basis (for flats).
- 4.11 We will take a staged approach to debt management where owners will receive a reminder letter, a final demand letter and thereafter communication will be via telephone call, an email and or text message providing we have up to date contact information to establish the reason for non-payment. Owners whose accounts are in arrears will be actively pursued and we will work with those owners in financial difficulty to manage their debt and clear their account.
- 4.12 We will ensure a comprehensive complaints procedure is in place to investigate customer disputes that may arise in relation to the amount charged or the standard of work undertaken, or services provided. We will however expect the undisputed part of the account to be paid within the prescribed timescales.
- 4.13 All information will be recorded on our system to allow us to monitor appropriately. We will monitor debts on an account-by-account basis to ensure that agreed arrangements are being adhered to.

## **DEBT RECOVERY**

- 4.14 We will initiate prompt and consistent debt recovery activity through internal efforts and if unsuccessful we will progress to further action such as
- Late Payment Charges
  - Passing owners details to our debt recovery agency.
  - Issuing a Notice of Potential Liability for Costs (NPL) - This Notice would prevent the owner from selling the property without the debt being cleared by either the selling owner or the new buyer. It is required to be served through Registers of Scotland.
  - Court Action – Petitioning for a Payment Decree to enable the following:
    - Sherrif Officer to serve a charge for payment
    - Wage Arrestment
    - Petitioning for Sequestration
    - Attachment Orders
    - Any other reasonable means of enforcement
- 4.15 The association will consider collecting debts from other owners within the block where the title deeds state the owners of a block are responsible for any unpaid debt of another owner.

- 4.16 The association will regularly review debts and where there are no means of recovery, or it is not cost effective to pursue further a decision may be made to write off the debts.

## **5. RESPONSIBILITIES**

- 5.1 The Housing, Land and Property Services Sub-Committee will be responsible for agreeing the Debt Recovery Policy and any subsequent review. They will monitor the implementation of the Policy through reviewing the quarterly arrears performance report. The board will also agree any write offs prior to the financial year end.

- 5.2 The Head of Property Services will oversee the implementation of this policy whilst the Property Services Manager, and the Factoring Officer will ensure day to day compliance.

## **6. RESPONSES TO BREACH OF POLICY**

- 6.1 All owner occupiers will have the right to request a review of their debt recovery actions under the Complaints Policy if they believe that the actions against them do not reflect that of the policy.

## **7. MONITORING AND REVIEW**

- 7.1 This Policy will be reviewed in 2027 and every three years thereafter unless changes in legislation, regulatory guidance or good practice require an earlier review.

## Equality Impact Assessment

Question	Response
<b>1. Aim of policy/service activity/event being assessed</b>	To ensure the Association is compliant in line Debt Recovery.
<b>2. Summary of aims and objectives of the policy/service activity/event</b>	Bridgewater HA aims to provide an efficient and effective factoring service to its owners and ensure effective maintenance of its factored portfolio. To provide value for money and to ensure the long-term sustainability of the service, it is essential that Bridgewater HA take a robust but sensitive approach in the management and recovery of factoring arrears.
<b>3. What involvement and consultation has been done in relation to this policy? (e.g. with relevant groups and stakeholders)</b>	Policy has been published and issued to Property Services (Head of Property Services and the Property Factoring Officer) and Leadership members for input.
<b>4. Who is affected by the policy/service activity/event?</b>	All Bridgewater Owner Occupiers.
<b>5. What are the arrangements for monitoring and reviewing the actual impact of the policy/service/activity/event?</b>	This policy will be reviewed every 3 years and amended if necessitated by any events or changes to legislation. The Factoring Arrears Procedure is a working document that will be reviewed regularly, and any changes implemented, may result in changes to the Arrears Policy.

Protected Characteristic Group	Is there a potential for positive or negative impact?	Please explain and give examples of any evidence/data used	Action to address negative impact (e.g. adjustment to the policy)
<b>Disability</b>	Yes, positive. Staff need to be aware of particular needs of customers with any disability.	Data held on SDM notifying of any customer's disabilities and how best to approach their needs when dealing with arrears cases.	
<b>Gender reassignment</b>	No	No	We currently have no data for this characteristic, this will be addressed via our ongoing equalities survey.
<b>Marriage or civil partnership</b>	No	No	We currently have limited data for this characteristic, this will be addressed via our ongoing equalities survey.
<b>Pregnancy and maternity</b>			
<b>Race</b>	No	No	We currently have limited data for this characteristic, this will be

			addressed via our ongoing equalities survey.
<b>Religion or belief</b>	No	No	
<b>Sexual orientation</b>	No	No	We currently have limited data for this characteristic, this will be addressed via our ongoing equalities survey.
<b>Sex (gender)</b>	No	No	
<b>Age</b>	No	No	



## Evaluation:

Question	Explanation / justification	
Is it possible the proposed policy or activity or change in policy or activity could discriminate or unfairly disadvantage people?	Unlikely as the policy is closely aligned with the Association's Equality Policy. However, if a customer reported any form of discrimination, the incident would be investigated and if necessary the policy would be reviewed and amended.	
Final Decision:	Tick the relevant box	Include any explanation / justification required
No barriers identified; therefore activity will <b>proceed</b> .	✓	
You can decide to <b>stop</b> the policy or practice at some point because the data shows bias towards one or more groups		
You can <b>adapt or change</b> the policy in a way which you think will eliminate the bias		
Barriers and impact identified, however having considered all available options carefully, there appear to be no other proportionate ways to achieve the aim of the policy or practice (e.g. in extreme cases or where positive action is taken). Therefore you are going to <b>proceed with caution</b> with this policy or practice knowing that it may favour some people less than others, providing justification for this decision.		

<b>Completed by:</b>	Josephine Gibson
<b>Will this EIA be published? Yes/Not required:</b>	Yes
<b>Date completed:</b>	June 2024
<b>Review date</b> (if applicable):	June 2027