



**Scottish Housing
Regulator**

Factoring services in Scotland

A thematic inquiry

August 2016

Our statutory objective

To safeguard and promote the interests of current and future tenants, homeless people and other people who use services provided by social landlords

Scottish Social Housing Charter

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

Scottish Social Housing Charter

Social landlords manage their businesses so that:

- 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.

Scottish Social Housing Charter Outcome 2: Communication

- tenants and other customers find it easy to participate in and influence their landlord's decisions at a level they feel comfortable with.

Scottish Social Housing Charter Outcome 3: Participation



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What we did

- Reviewed ARC data
 - Average annual management fee
 - Owners satisfaction
- Questionnaire to 15 landlords
- Interviewed owners
- Reviewed available guidance and other publications
 - Property Factors (Scotland) 2011



Objectives

- How they charged owners for providing the factoring service
- Type of services provided?
- How they calculate charges?
- How they assess VFM?
- How they inform and consult?



Homes factored in Scotland 571,293



27,574

homes

Factored by

15 Local authorities



90,617

homes

Factored by

130 Registered Social Landlords



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Factoring v Renting

	Properties factored	Properties rented
Total	118,191	584,811
RSL	90,617	273,924
Local authority	27,574	310,887



Fees v rent

	Rent due	Management fee due	Average Management fee
Total	£2,172,078,256	£9,926,379	£83.99
RSL	£1,116,976,490	£8,654,006	£95.50
LA	£1,055,101,766	£1,272,373	£46.10



Service cost and satisfaction

- Average management fee for RSLs £95.50 p.a.
- Average management fee for LAs £46.10 p.a.
- 64% of RSL owners are satisfied with services
- 55% of LA owners are satisfied with services
- Fees ranged from £26.75 – £204.00

Key findings - VFM

- Not all factors appeared to robustly assess costs
- There appeared to be significant differences between the level of management fees charged for similar services
- No standard method to increase fees
- Different ways to assess value for money
- Owners wanted greater transparency on charges and repair costs

Communication and participation

- Some factors demonstrated a good approach to providing information
- Invoices were generally clear laid out and gave good information on what charges were for
- For a minority of factors the information on the invoice was poor
- Some factors consulted well with owners but not all

Recommendations

- Have a clear and transparent approach that demonstrates that costs are accurately identified, apportioned and recovered
- Have a robust process to assess value for money service
- Provide good quality information to owners
- Ensure that owners are given detailed information on invoices
- Undertake meaningful and regular consultation
- Give owners opportunities to participate.
- Develop and implement robust action plans in response to the findings of satisfaction surveys and consultation work.