



<b>Name of policy</b>	<b>Owner Led Projects - Payment Policy</b>
<b>Responsible Officer</b>	<b>Business Operations Manager</b>
<b>Submitted to YourPlace Board for approval</b>	<b><i>3 August 2007</i></b>
<b>Date of Next Formal Review</b>	<b><i>August 2010</i></b>

**YourPlace will provide this policy on request at no cost, in large print, in Braille, on tape or in other non-written format, and in a variety of languages.**

**YourPlace Property Management**  
**Owner Led Projects – Payment Policy**

**Contents**

<b>Section</b>	<b>Subject</b>	<b>Page</b>
1.	Introduction	3
2.	Principles, Aims and Objectives	3
3.	Equal Opportunities Statement	4
4.	Legal and Regulatory Framework	4
5.	Owner Led Projects - Payment Policy	4
6.	Training and Awareness	8
7.	Policy Reviews/Consultation	8
8.	Customer Service	8

## **1. INTRODUCTION**

YourPlace Property Management, (the trading name of GHA (Management) Ltd) is a wholly owned subsidiary of The Glasgow Housing Association Ltd (GHA), established to deliver the factoring service to owners of former Glasgow City Council (GCC) / GHA property, initially sold under the Right to Buy legislation and also those properties subsequently sold on through the private market.

As factor, YourPlace, on behalf of GHA is responsible for general management and administration of the common property.

This document takes into account statutory and regulatory requirements.

Owner Led Projects result when individual owners are in the majority in a factored property and wish to carry out major repair/ improvement work. They approach YourPlace, as factor or agent, to procure and project manage the work for them.

As factor, YourPlace will prepare contract and specifications, arrange contractor quotes, analyse tender returns and make recommendations where appropriate, pay the contractor, invoice the owners and collect the payments. In the past, where an owner has refused to pay, YourPlace has had to recover sums due by legal means, leaving YourPlace to manage the expense of this bad debt pursuance. This creates an unacceptable commercial risk to the company and places an unfair burden on owners who do pay on time.

To resolve this difficulty, YourPlace will now require payments from owners to be secured and lodged before the work is commenced. Funds collected will not be handed over to the contractor until we are satisfied that work has been completed to a satisfactory standard and that any accepted individual complaints have been resolved.

## **2. PRINCIPLES, AIMS & OBJECTIVES OF THIS POLICY**

### **2.1 Principles**

YourPlace aims to provide an efficient factoring service and best value for owners in factored properties.

### **2.2 Aims**

YourPlace will make best use of resources available to it. It is imperative that bad debt is minimised to ensure maximum benefit to all.

### **2.3 Objectives**

To:

- provide factored owners with clear and simple information on the course of action they can take when requesting a project management service provided by YourPlace;

- ensure that the advance payment on owner led projects is publicised, including at our offices/ reception areas, in documents and letters about services YOURPLACE provide and on the website;
- outline the process open to owners and the discretionary scope in exceptional circumstances to allow waive the requirement for advance payment.

### **3. EQUAL OPPORTUNITIES STATEMENT**

- 3.1 YourPlace is committed to providing fair and equal treatment to all its stakeholders including factored owners and will not discriminate against any on the grounds of race, colour, ethnic or national origin, religion, age, gender, sex, sexual orientation, marital status, family circumstances, employment status or physical ability.
- 3.2 This policy complies with GHA's Equal Opportunities Policy, which is deemed to equally apply to YourPlace. YourPlace recognises its pro-active role in valuing and promoting diversity, fairness, social justice and equality of opportunity by adopting and promoting fair policies and procedures.
- 3.3 YourPlace will check its Owner Led Payment policy and associated procedures regularly for their equal opportunity implications, taking appropriate action to address inequalities likely to result or resulting from the implementation of the policy and procedures.

### **4. LEGAL & REGULATORY FRAMEWORK**

- 4.1 In formulating and implementing this policy, statutory requirements along with Communities Scotland's Performance Standards and good practice outlined in documents such as 'Raising Standards in Housing' have been incorporated, where required.

### **5. OWNER LED PROJECTS - PAYMENT POLICY**

#### **5.1 Notification to Owners**

When owners in a majority situation approach YourPlace to request major repairs/ improvement above the minor work threshold levels defined in each Deed of Conditions, advance payment may be sought.

Whilst owners should always look at their own Deed of Conditions to establish the threshold levels, in general, the levels are as follows: -

4 in a block/ cottage flat	- £200
Tenement	- £2,000
Multi Storey	- £5,000

Further, an administration fee may also be payable to cover the additional costs of providing all technical and administrative support to the project, including addressing health and safety requirements and managing any post completion defects that arise in the defects liability period.

Where money in advance is required and fees are payable, the owners will initially be verbally advised that this is the case. If owners indicate they are happy to proceed on this basis, a letter will be sent to all owners affected to confirm the instruction and giving a cooling off period of 7 days for owners to withdraw their instruction if there is a change of mind.

If no withdrawal is received, YourPlace will then prepare a specification and obtain a minimum of 2 quotes for the required works.

Once quotes are received, formal consultation as required by the Deed of Conditions will commence.

Where the work concerns repairs/ replacements on a strict “like for like” basis that are over the threshold set out in the Deed of Conditions for that property, owners will be written to asking for consent to proceed. At this time, owners will also be asked for confirmation that funds will be paid in advance and how pre payment is to be made. Owners will have 2 weeks to respond.

Where works are deemed as improvements (renewing an item that introduces a change in appearance, e.g. renewing the roof with a different coloured tile etc), all consents will be obtained via a meeting of proprietors.

Where owners are seeking grant assistance with the proposals, additional time periods/ meetings may be required to allow time for grant processing and decision by the City Council.

All necessary consents and instructions must be in place at least 2 weeks before the works are due to commence.

## **5.2 Payment Lodged in Owners’ Account**

It will be acceptable for funds to be lodged in an owner controlled group account set up by proprietors, provided YourPlace have proof that sufficient funds have been lodged and an undertaking is provided that funds will be transferred to YourPlace as soon as work is completed.

## **5.3 Use of Suspense Account**

Where owners prefer, a suspense account will be made available to lodge deposited money. This will ensure that funds are not accounted as payment for existing debt or new works until satisfactory completion. This arrangement also has the advantage for the owners of requiring no administration by them.

## **5.4 Zero Advance Payment Option**

The YourPlace Managing Director will have discretion to agree a reduced or no advance payment, dependant upon individual owner situations. This is because it is recognised, for example, that some mortgage related loans cannot be obtained until work is complete. In these cases, and in other exceptional circumstances, a Letter of Comfort will be sought to reassure YourPlace that funds will be made available.

## 5.5 **Failure to Settle**

Failure to settle accounts within agreed terms will result in application of interest at 10% per annum in accordance with the Deed of Conditions, interest being applied from the date of completion until full payment. The owner will also be wholly responsible for all legal and court costs through to recovery.

## 5.6 **Grants**

It will be the responsibility of owners to apply and obtain approval for improvement grant assistance from the City Council if they wish support to meet any costs that are deemed to be grant earning based on grant guidelines. YourPlace will be happy to provide assistance to owners to help complete forms.

Where grant is applied for and approved, provided that proof of the grant approval is submitted, together with mandated authority for payment to be made directly to YourPlace, the mandated grant award will be sufficient to act as money in advance.

Where the mandated grant award does not cover the whole cost of work, the owners will still be required to pay the remaining balance in advance before works commence.

## 5.7 **Statutory Consents**

It will be the responsibility of owners to ensure they have applied for and obtained any required statutory permissions for the works being executed, e.g. planning permission, building warrant etc. The owners will be directly responsible for any fees and costs associated with submission of the application, e.g. preparing drawings etc. YourPlace will have no responsibility or liability for any works that have been executed without any required statutory consents.

## 5.8 **Value Added Tax**

All works and services will attract VAT at the applicable current rate.

## 5.9 **Health and Safety Compliance**

YourPlace will appoint a Planning Supervisor and ensure that all contractors meet with current health and safety legislation, complying with drawings, specification and conditions of contract. All contractors invited to tender will be selected from any approved standing list of contractors maintained by GHA/ YourPlace following a previous Framework tendering exercise covering the work required or will be chosen from a new tendering exercise and will be provided with a specification and pre tender health and safety documentation.

YourPlace may require the contractor to provide a Construction Health and Safety Plan prior to commencement of project and will be responsible for notifying the Health and Safety Executive where applicable.

#### **5.10 Administration Fee**

An administration fee will be payable for each project to reflect the cost of the required technical support, supervision and management. This fee will be 6% of the total cost of the proposed work and the total will be advised to owners together with the quotes for the work. This fee will be subject to routine review to ensure it remains sufficient to cover the costs incurred.

The fee may be applied where YourPlace are asked to prepare specifications and obtain costs, whether work proceeds or not.

The fees charged on completion will also cover any subsequent technical/ administrative support to deal with accepted defects that arise during the defects liability period.

#### **5.11 Transfer of Funds from Suspense Account**

As soon as work is completed to the satisfaction of YourPlace's technical staff, we will authorise payment to the contractor and at that point, we will raise accounts to owners requiring payment. Where funds are held in our suspense account, we will then be entitled to transfer money held to offset the owner's share of the work. The owner will be sent an invoice for any balance, to be paid within 14 days.

#### **5.12 Disputes about Work**

On project works covered under this policy, no funds will be paid to a contractor until YourPlace's technical staff are satisfied that the contractor has carried out all works to the required standard.

Any concerns about quality standards should immediately be reported to the appointed YourPlace Clerk of Works managing the project, which will be notified to owners in each project.

Where an owner raises an issue after completion and payment of the contractor relating to poor or incomplete work, this will result in a further technical inspection by YourPlace. The target timescale for this inspection from the date of request will be 5 working days.

If YourPlace agree that there is evidence of quality issues or incomplete work, YourPlace will be responsible for ensure such issues are remedied with the contractor. The target timescales for the contractor addressing remedial works will be carried out in accordance with the terms agreed in the contract. If the defect relates to an emergency, e.g. water ingress, works to make safe the emergency item will be carried out within a target of 24 hours. Thereafter, the inspection and any agreed remedial works will be within the 5 and 10 working day timescales mentioned above.

### **5.13 Refund for Cancelled Work**

If the planned work does not proceed for any reason, the money held in suspense will be refunded to the owner in full within 7 days of the work order being cancelled.

### **5.14 Recommended Specifications**

In drawing up technical specifications, cognisance will be taken of the owners' requirements and aspirations. The final specification will be based on YourPlace technical advice. Where owners refuse the YourPlace specifications for work, YourPlace may decline to manage the project, or may seek a disclaimer from owners, as quality/ durability may not be assured in these circumstances. An example where this could arise is if owners opted for a cheaper/ inferior product, but our technical advice indicates that this may give only a limited life of the item. In such cases, we may either not progress the works, or at the very least, we would spell out the implications of the decision to owners so that there would be no repercussions or liability to YourPlace at a future stage.

## **6. TRAINING AND AWARENESS**

YourPlace will ensure that all staff and the Board of Directors are aware of the advance payment policy and procedures. All staff that are likely to deal with enquiries regularly will receive appropriate training.

## **7. POLICY REVIEWS/ CONSULTATION**

YourPlace will initially review this policy after 12 months and thereafter, on at least a 3 yearly cycle. Where YourPlace intends to significantly amend this policy, consultation will take place with owner representative bodies, e.g. the citywide Owners Forum in advance.

## **8. CUSTOMER SERVICE**

### **8.1 Confidentiality**

All information given by owners and service users in relation to this policy will be treated as strictly confidential and will not be discussed with third parties without their permission. YourPlace will comply with the requirements of the Data Protection Act 1998 in this regard.

### **8.2 Customer Satisfaction**

YourPlace is committed to a high level of customer satisfaction in the delivery of this policy, seeking continuous improvement. Satisfaction with the full range of services provided by YourPlace will be measured regularly, including the effectiveness of the objectives of this policy, and results will be disseminated to factored owners and other service users.