

CLYDEBANK HOUSING ASSOCIATION LIMITED

TO: MANAGEMENT COMMITTEE (28 January 2020)

FROM: HEAD OF FINANCE AND CORPORATE SERVICES

DATE: 24-Jan-20

REF: /LL

SUBJECT: CALCULATION OF MANAGEMENT FEE FOR FACTORING 2020/21

The Scottish Housing Regulator published a thematic study into Factoring Services in Scotland in May 2016. Based on the findings, it is evident that we have a clear and transparent approach to setting and increasing management fees that demonstrates that costs are accurately identified, apportioned and recovered. We have robust processes to assess and demonstrate that owners are receiving a value for money service including setting a management fee to cover staffing and administration costs and charging owners their share for the cost of services such as landscape maintenance and common repairs.

The 2017 Owner Satisfaction Survey showed that the percentage of factored owners satisfied with the factoring service they receive is 92% (compared to 64% average of RSL in 2016 thematic study).

<u>Type of Work</u>	Estimated Time Per Annum (Hours)						2019/20	2018/19
	/HOFCS /FCSM/HSM	F&A	FA	MO	MA	Admin	TOTAL	TOTAL
Policy work/Raising Standards/Newsletters	20		9	2			31	24
Processing Repairs/Inspections				8	25		33	31
Assessing Costs	15		2	1	1		19	12
Tendering/Insurance Admin.	5	1		5	1		12	8
Raising Invoices/processing payments		40	16				56	56
Pursuing late payers/arrears		25	28				53	53
Dealing with enquiries	10	29	20	1	7		67	59
Estimated Total Hours Per Annum	<u>50</u>	<u>95</u>	<u>75</u>	<u>17</u>	<u>34</u>	<u>0</u>	<u>271</u>	<u>243</u>

PROPORTION OF SALARIES

	£
<u>Staff Costs</u>	
HOFCS/ FCSM/ HSM	2,614)
F&A	1,469)
FO	-)(Including NI,Pension, etc.)
MO	663)
MA	749)
Admin	497)
Pension costs	781)

Salary Costs to be recharged **6,772**

OVERHEAD PROPORTION

<u>Salaries for factoring service</u>	<u>6,772</u>
Total Salaries	1,138,530

Percentage Overheads to be recharged 0.59%

Total Overheads 2020/21 329,440

Overheads to be recharged **1,960**

FINANCE & ADMIN ALLOCATION

Total Finance/Admin Costs 2020/21 343,664

Finance/Admin Costs to be recharged **2,669**

Direct costs to be recharged (legal action) **1,600**

TOTAL COSTS TO BE RECHARGED **£ 13,001**

Review of Management Charge

24-Jan-20

Total factored properties outwith factoring service
who receive garden maintenance/other common
repairs

541

Management Admin charge - 15% of total bill or £3.00 minimum
charge (June and December)

£3

Minimum amount receivable

2,435

Est. additional Management Charges at 15% receivable

2,100

**REMAINDER OF COSTS TO BE RECHARGED TO
FACTORED PROPERTIES**

8,467

No. of Units to be factored

73

Fully Factored Properties

73

£

£119

8,687

8,687

13,222

Proposed Management Charge for 2020/21

£119.00 per annum

Management Charge for 2019/20

£116.00 per annum

Percentage Increase

2.59%

target

For information - RPI at December 2019

2.20%

3.20%

CPI as at December 2019

1.40%

CHA Target: Increase should be restricted to no more than inflation (December) +1% wherever possible.

Previous Charges

	<u>2009/10</u>	<u>2010/11</u>	<u>2011/12</u>	<u>2012/13</u>	<u>2013/14</u>	<u>2014/15</u>	<u>2015/16</u>	<u>2016/17</u>	<u>2017/18</u>	<u>2018/19</u>	<u>2019/20</u>	<u>2020/21</u>
£	85.50	£ 87.00	£ 89.00	£ 93.00	£ 96.00	£99.00	£101.00	£105.00	£ 107.00	£112.00	£ 116.00	£ 119.00
	1.79%	1.75%	2.30%	4.49%	3.23%	3.13%	2.02%	3.96%	1.90%	4.67%	3.57%	2.59%