

**CLYDEBANK HOUSING ASSOCIATION LIMITED**

**TO:** MANAGEMENT COMMITTEE (02 February 2021)  
**FROM:** HEAD OF FINANCE AND CORPORATE SERVICES  
**SUBJECT:** **CALCULATION OF MANAGEMENT FEE FOR FACTORING 2021/22**

**DATE:** 29-Jan-21  
**REF:** /LL

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 2020 Owner Satisfaction Survey showed that the percentage of factored owners satisfied with the factoring service they receive is 90.3% (compared to 67% owner satisfaction levels within our peer group and 68% within RSL average for 2019/20).

Type of Work	Estimated Time Per Annum (Hours)						2021/22	2020/21
	/HOFCS /FCSM/HSM	F&A	FA	MO	MA	Admin	TOTAL	TOTAL
Policy work/Raising Standards/Newsletters	20		9	2			31	31
Processing Repairs/Inspections				8	25		33	33
Assessing Costs	15		2	1	1		19	19
Tendering/Insurance Admin.	5	1		5	1		12	12
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	67
Estimated Total Hours Per Annum	50	95	75	17	34	0	271	271

**PROPORTION OF SALARIES**

	£
Staff Costs	
HOFCS/ FCSM/ HSM	2,702 )
F&A	1,486 )
FO	- ) (Including NI, Pension, etc.)
MO	690 )
MA	812 )
Admin	506 )
Pension costs	781 )
<b>Salary Costs to be recharged</b>	<b>6,977</b>

**OVERHEAD PROPORTION**

<u>Salaries for factoring service</u>	6,977
Total Salaries	1,331,440
Percentage Overheads to be recharged	0.52%
Total Overheads 2021/22	390,000
<b>Overheads to be recharged</b>	<b>2,044</b>

**FINANCE & ADMIN ALLOCATION**

Total Finance/Admin Costs 2021/22	376,683
<b>Finance/Admin Costs to be recharged</b>	<b>2,527</b>
<b>Direct costs to be recharged (legal action)</b>	<b>1,600</b>
<b>TOTAL COSTS TO BE RECHARGED</b>	<b>£ 13,147</b>

## Review of Management Charge

29-Jan-21

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
<b>Minimum amount receivable</b>	<b>2,435</b>
<b>Est. additional Management Charges at 15% receivable</b>	<b>2,100</b>

**REMAINDER OF COSTS TO BE RECHARGED TO FACTORED PROPERTIES** **8,612**

No. of Units to be factored 75

Fully Factored Properties	75	£	£120	<b>9,000</b>
				<u><b>9,000</b></u>
				<u><u><b>13,535</b></u></u>

Proposed Management Charge for 2021/22	£120.00 per annum
Management Charge for 2020/21	£119.00 per annum
Percentage Increase	0.84%
	target
For information - RPI at December 2020	1.20%
CPI as at December 2020	0.60%

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

Previous Charges

	<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>	<u>2021/22</u>
£	87.00	£ 89.00	£ 93.00	£ 96.00	£ 99.00	£ 101.00	£105.00	£ 107.00	£ 112.00	£116.00	£ 119.00	£ 120.00
	<b>1.75%</b>	<b>2.30%</b>	<b>4.49%</b>	<b>3.23%</b>	<b>3.13%</b>	<b>2.02%</b>	<b>3.96%</b>	<b>1.90%</b>	<b>4.67%</b>	<b>3.57%</b>	<b>2.59%</b>	<b>0.84%</b>