



**CLYDESDALE HOUSING ASSOCIATION LIMITED**

**Policy: Bad Debt Policy**

**Date: 29 September 2021**

**Lead Officer: Depute Chief Executive**

**Review Date: September 2024**

**Standard 3**

**The RSL manages its resources to ensure its financial well-being, while maintaining rents at a level that tenants can afford to pay.**

***Guidance***

3.1 The RSL has effective financial and treasury management controls and procedures, to achieve the right balance between costs and outcomes, and control costs effectively. The RSL ensures security of assets, the proper use of public and private funds, and access to sufficient liquidity at all times.

3.2 The governing body fully understands the implications of the treasury management strategy it adopts, ensures this is in the best interests of the RSL and that it understands the associated risks.

3.3 The RSL has a robust business planning and control framework and effective systems to monitor and accurately report delivery of its plans. Risks to the delivery of financial plans are identified and managed effectively. The RSL considers sufficiently the financial implications of risks to the delivery of plans.

3.4 The governing body ensures financial forecasts are based on appropriate and reasonable assumptions and information, including information about what tenants can afford to pay and feedback from consultation with tenants on rent increases.

3.5 The RSL monitors, reports on and complies with any covenants it has agreed with funders. The governing body assesses the risks of these not being complied with and takes appropriate action to mitigate and manage them.

3.6 The governing body ensures that employee salaries, benefits and its pension offerings are at a level that is sufficient to ensure the appropriate quality of staff to run the organisation successfully, but which is affordable and not more than is necessary for this purpose.

3.7 The governing body ensures the RSL provides accurate and timely statutory and regulatory financial returns to the Scottish Housing Regulator. The governing body assures itself that it has evidence the data is accurate before signing it off

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## 1.0 Introduction

- 1.1 This policy sets out Clydesdale Housing Association's (CHA's) approach to the write off, of irrecoverable debt.
- 1.2 The policy covers all debts due to CHA where the recovery process has been exhausted.
- 1.3 Despite a debt having been written off, CHA will continue to take steps to pursue the outstanding sums due.

## 2.0 Objectives

- 2.1 To ensure that all of CHA's financial and contractual obligations can be met, CHA will attempt to collect all income due.
- 2.2 To safeguard the assets of CHA through prompt collection of all sums due.
- 2.3 To adopt a proportionate and risk based approach to the pursuit of bad debts.

## 3.0 Equality and Diversity

- 3.1 In line with CHA's commitment to equality and diversity, this policy can be made available in a variety of formats, including large print, translated into another language or an audio tape.
- 3.2 In the application of this policy, CHA will not discriminate on the grounds of Age, Disability, Gender reassignment, Marriage and civil partnership, Pregnancy and maternity, Race, Religion or belief, Sex, Sexual orientation.

## 4.0 Bad Debt Recovery Action

- 4.1 CHA will devise a robust end of tenancy recovery procedure which will incorporate the debts as detailed above.
- 4.2 CHA will seek to obtain a forwarding address from every tenant who terminates a tenancy.
- 4.3 CHA will seek to enter into a payment arrangement for all tenancy related debts for tenants who have intimated they wish to terminate their tenancy.

- 4.4 Where no payment arrangement is in place for former tenants the debt will be forwarded to a debt collection agency for recovery. This will be for sums in excess of £50.
- 4.5 Where CHA discovers a former tenant has applied for a house through South Lanarkshire Council's common housing register, the application will be suspended until a repayment arrangement has been made and repayments have commenced.

## 5.0 Bad Debt – Definition and Categories

- 5.1 A bad debt is a sum of money owed to CHA that has not been paid, despite repeated efforts to collect the debt.
- 5.2 Bad debts relate largely to former tenant debts which can be made up of the following:
- Rent arrears.
  - Rechargeable repairs which can occur while the tenant is still living in the property but remain unpaid when they leave.
  - Court expenses incurred through the legal process while the tenant is still living in the property but remain unpaid when they leave.
  - Rechargeable repairs identified after the tenancy is terminated.
- 5.3 Bad debts will be not be pursued in the following circumstances:

Category	Description
Deaths	Where the deceased does not have an estate to pursue the debt.
Uneconomical to Collect	Debts less than £50
Court Order	Where the tenant has been sequestrated and the debt cannot be pursued (current and former tenants).
Debtor's Personal Circumstances	Where CHA would consider it morally inappropriate to pursue the debt.

## Authorisation and Reporting

- 5.4 Where CHA has been advised a tenant has been sequestrated, this supersedes any arrangement in place to recover the debt.
- 5.5 The write-off of all other tenancy related debt must be authorised as follows:

Amount of Debt	Authorised by/Frequency
£0.01 to £999	Chief Executive Officer (CEO) - quarterly
£1,000 +	Management Committee - annually

5.6 The Management Committee will be provided with a Bad Debt Write Off report once a year in March prior to the year end. They will be asked to write off irrecoverable debts over £1,000. The report will include details of amounts authorised for write off by the CEO.

5.7 CHA will not write off more than 50% of all former tenants debts each year unless there are exceptional circumstances where the Management Committee reserves the right to increase this amount.

## 6.0 Processing of Bad Debt Write Off

6.1 On a quarterly basis, a report on the proposed write off, of sums up to £999 will be presented to the CEO for approval. The report will include details of action taken to date to recover the sums due.

6.2 Once CEO approval is granted, the report will be presented to the Finance Department who will process the write-offs on SDM (CHA's Housing Management Software).

6.3 Prior to 27<sup>th</sup> March each year, all debts over £1,000 approved for write off by the Management Committee will be presented to the Finance Department who will process the write-offs on SDM.

## 7.0 Conflicts of Interest

The CEO will not be permitted to authorise the write off of any debts incurred by 'connected people' as defined in the Entitlements, Payments & Benefits Policy. In this case, the Management Committee will be asked to consider such debts annually.

## 8.0 Associated Policies

This Policy should be read in conjunction with the following:

- Rent Arrears Policy.
- Rechargeable Repairs Policy.
- Entitlements, Payments & Benefits Policy.
- Standing Orders for Committee.

## 9.0 GDPR

Any information that we hold regarding an individual must be treated lawfully and correctly in line with the safeguards outlined in the General Data Protection Regulation 2016 (GDPR) which requires data to be:

- lawfully, fairly and transparently processed
- processed for limited purposes

- adequate, relevant and limited to what is necessary in relation to the purposes for which it is processed
- accurate and kept up to date
- kept no longer than the period necessary and
- kept securely against unauthorised or unlawful processing and protected against accidental loss, destruction or damage.

The processing will be carried out in a way that ensures compliance with the rights of data subjects, including

- the right to be informed
- the right of access
- the right to rectification
- the right to erasure (so far as applicable)
- the right to restrict processing
- the right to data portability (so far as applicable)
- the right to object to processing (including profiling); and
- the right not be subject to fully automated decision-making including profiling.

Further information is available by viewing the Association’s Privacy Policy.

## 10.0 Policy Review

This policy will be reviewed at least every 3 years or at earlier intervals if there should be any significant changes required in the light of practical experience or changes in relevant legislation or statutory requirements.

<b>Approved by the Committee of Management on:</b>	
<b>Signed:</b>	<b>Signed:</b>
<b>Secretary/Chairperson</b>	<b>Chief/Depute Chief Executive</b>