



Drumchapel Housing

Co-operative Limited

Bad Debt Provision and Write Off Policy

The policy is available on our website and is available in other formats as requested. i.e., tape, Braille or another language.

Last review date August 2021

Approved by Board September 2024

Latest review date August 2027

1. Vision and Values

1.1 Our Vision ***Making Houses into Homes in an all-inclusive community.***

Listening to tenants and service users to shape a great service and value for money will be at our core and we will strive relentlessly to balance both.

1.2. Our Values shape how we do business to achieve our mission and strategic objectives:

D	R	U	M	H	C
<p>Doing what matters most with and for our customers by putting them at the heart of everything we do.</p>	<p>Respect - Treating everyone with courtesy and dignity whilst recognising diversity.</p>	<p>Understanding individual tenants needs/aspirations, ensuring their voices are heard by actively engaging with them and the community</p>	<p>Motivate and support our people to be the best they can be</p>	<p>High quality of service - striving for excellence in all we do - looking for smarter innovative ways of working to deliver positive outcomes and achieve value for money</p>	<p>Community focused - Led by tenants for tenants</p>

2. Governance

2.1 Our aim as a Fully Mutual Co-operative and a registered social landlord is to ensure that we are managed by local people who are elected onto the Board. Their role is to make sure that the Co-operative is well run, meets the needs of the local area and is responsive to what is important to local people.

2.2 The Board appoints senior staff, agrees all the Co-operatives policies and takes all the key decisions. The Director and the senior team support the Board in these responsibilities.

3. Policy Aims

3.1 The Co-operative provides a range of services to tenants in the running of the business and there is potential for bad debts through non-payment of rent, rechargeable repairs and other debts such as legal charges. This policy will cover

sums owed in these categories and by ensuring that we collect all income due to us, we can maximise our investment in our people and places. We will take all reasonable steps to ensure debts to the Co-operative do not build up.

4. Equality and Diversity

4.1 Our Policy has two main aims:

- a) to ensure that no person, group of persons or organisation who deal with the Co-operative in any way or who requires a service, assistance or advice from the Co-operative, or who is employed by (or serves) in any capacity by the Co-operative, is treated less favourably than any other person, group of persons or organisation – put more simply, anyone who has any sort of contact with Drumchapel Housing Co-operative.
- b) to promote the policy so that anyone dealing with the Co-operative in any capacity is made aware that we have a policy and that there is a zero tolerance of any act which contravenes the policy/policy principles in any way

5. Regulatory, Charter, Legal and Constitutional Issues

5.1 In developing our policies, we consider all areas of compliance including Regulatory, Charter, Legal and Constitutional as follows:

Regulatory Standards in Governance and Financial Management
 Scottish Social Housing Charter 2012 and updated in 2017.
 Housing (Scotland) Act 2001
 Housing (Scotland) Act 2010
 Housing (Scotland) Act 2014
 Debt Arrangement (Scotland) Act 2002.
 Debt Arrangement (Scotland) Regulations 2011
 Human Rights Act 1998
 UK GDPR 2018

5.2 Regulatory Standards and Charter Outcomes relevant to this policy are:

Regulatory Standards 3: The RSL manages its resources to ensure its financial well-being, while maintaining rents at a level that tenants can afford to pay.

Charter Outcome 13: Value for money

6. Our Risks, Principles and Standards

6.1 The Co-operative has considered the potential impacts should we fail to review debts on a regular basis which could result in inaccurate financial reporting as a result of overstating the level of debts likely to be recovered.

- 6.2 To minimise this risk, the Co-operative ensures the level of bad debt provision is considered, reviewed and reported by the Finance Agents at least every six months.
- 6.3 We aim to be clear in all our dealings with bad debts that the information on debts owed is accurate and when amounts are due.
- 6.4 We will always adopt a reasonable approach and consider an individual's circumstances.
- 6.5 We will ensure that our practice is informed by relevant legislation and good practice.
- 6.6 We will offer advice and assistance including signposting tenants to debt-counselling, advice, and money advice services.
- 6.7 We will regularly review and report on our performance to the Board.

7. The Policy

- 7.1 This policy outlines the Co-operative's policy on bad debts, which allows us to determine the amount of potential bad debt provision and make provision for these debts rather than opting for notional percentages. This is a provision for accounting purposes only as the debt will continue to be pursued.
- 7.2 What type of debt does this policy apply to?
- any tenant or service user debt relating to rent
 - occupancy charges
 - service charges
 - non rental debts of current tenant e.g. legal costs or recharges
 - former tenant rent arrears
 - debts owed by former tenant in respect of rechargeable repairs and other non- rental charges

8. Provisions For Bad Debts

- 8.1 Current Tenant Arrears
- 8.2 The provision for current tenant arrears is for balances due greater than one year plus balances with no commitment to repay. The approach to the provision to current arrears is more detailed than the former tenant arrears approach and is set out as follows;
- Determine for each arrear balance the agreed repayment schedule in place at the balance date of 31 March.
 - Determine which tenants are technical arrears only
 - Determine whether the payment agreement is/was maintained after the

balance date

8.3 Where the tenant has broken their agreement for the arrear or there is no repayment agreement being adhered to:

- The provision is provided in full (100%)
- Where the arrears are a technical arrear only – no provision required (0%)
- Where tenants have arrangements that would take more than one year to clear the arrear provision will be for the repayments expected after one year in full (100% for debt due greater than one year).

8.4 The overall approach to current tenant arrears allows us to essentially set a provision for every balance rather than take a “global” approach (as per the Former Tenant) approach. Furthermore, we can add in more filters such as “Nil provision for small incidental balances with no repayment plans”.

8.5 Former Tenant Arrears

- Former tenant arrears are provided for in full (100%).

8.6 Court/Solicitor Costs

- The Co-operative will initiate court proceedings on tenants who are in breach of their tenancy agreement, with the most common area for action being non-payment of rent. It is recognised that collecting court and legal expenses from the tenant is challenging and not always successful. This will be reflected in the level of provision, which is based on the period from the conclusion of court proceedings:
- Where tenants have made and maintained arrangements to pay back costs that would take more than one year to clear the arrear provision will be for the repayments expected after one year in full (100% for debt due greater than one year).

8.7 Rechargeable repairs Current and Former Tenants

- Where it can be demonstrated that individual debts are likely to be recovered and appropriate evidence is available to support this assumption, then such sums shall be excluded from the assumption.
- In all other cases where tenants have made and maintained an arrangement to pay and costs would take more than one year to clear the arrear provision will be for the repayments expected after one year in full (100% for debt due greater than one year).

8.8 Writing Off Debt

- Writing off debt will be required in some situations as we may find that it is not possible to recover former customers debts, in these circumstances, a recommendation to Board will be made for approval of write off from our accounts after following the criteria as set out at 8.9.

8.9 Criteria for writing off debts:

- A tenant is deceased and there are no details of the executor known.
- No forwarding address is known, and the case has been passed to a collection agency and they have been unsuccessful in two attempts to provide forwarding address for former tenant and the debt is 12 months or over.
- The arrears are over 12 months and three attempts to contact are made, with no response from former tenant
- The debt is under £100 and is non-economical to recover
- All rechargeable debt for current tenants will be determined as irrecoverable if the costs of recovery would exceed the level of debt
- Current tenant rent arrears will only be written off in exceptional circumstances where the Co-operative has been found at fault in the management of an arrears case.
- Current tenant rent arrears that are subject to sequestration/Trust deed will have the debt removed from the account and transferred to a sundry account to await dividend payments.

8.10 Writing Off Credit

There will be instances where an account is closed and a credit balance remains on account after following the criteria set out at 8.11. If it has not been possible to refund the credit balance, for whatever reason (i.e. forwarding address unknown) the credit will be included in the annual credit write off report presented to the Board for approval in March of each year.

8.11 Criteria for writing off credits:

- A refund of rent paid has been made to the outgoing tenant when the credit has been accrued from payments made by the tenant
- A tenant who has received a rent in advance incentive from the Co-operative will have the account balance adjusted to reflect this at end of tenancy and will be refunded any remaining amount on the account at termination date if rent has been paid by the tenant (this includes arrears direct). Refunds will not be issued when the only payments made have been from sources such as Housing Benefits etc.
- If a tenant is transferring to another Co-operative property, the credit balance on the rent account must be transferred to the new tenancy and not refunded.
- Refund of housing benefit will not be paid to the tenant; refunds will be made to Glasgow City Council on receipt of an invoice.

9. Reporting to Board

- 9.1 The Finance & Corporate Services Manager will co-ordinate returns on the provision of bad debts from the Housing Officers (rent and legal costs) and the Maintenance Officer (recharges) annually to the 31 March. This report will be forwarded to the finance agent for input into the Annual Accounts.
- 9.2 The Housing Officers will prepare quarterly bad debt write off reports for Board approval meeting the write off criteria stated above. An annual report on credit write offs will be reported to the Board for approval in March of each year.

10 Policy Review

- 10.1 This policy will be reviewed every three years or sooner as deemed necessary by the Management Board.

11 UK GDPR Privacy Statement

- 11.1 The Co-operative will gather and use certain information about individuals in accordance with UK GDPR. Staff members have a responsibility to ensure compliance with the terms of the privacy policy and to collect, handle and store personal information in accordance with relevant legislation. The Fair Processing Notice (FPN) details how personal data is held and processed.