

Policy

Title: Write off of Bad Debts and Credits

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Approved By: Resources Committee

Electronic Storage:

A policy should be a short statement which describes in general terms or objectives what a service area's principles and key objectives are on a particular subject and should be no longer than a 2 pages in length. The aim of the policy is to give practical effect of the strategy it supports.

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Introduction

Halton Housing Trust (the Trust) may write off all debts which are considered to be irrecoverable or uneconomic to pursue, as per good accountancy practice.

Aims / Objectives

The aim of this policy is to maximise the efficient and effective recovery of the Trust's income by focussing on a manageable and well maintained ledger of collectable arrears.

Performance Measures / Monitoring

The increases and decreases to the bad debt provision will measure the performance of the collection of arrears.

The number and value of debts and the level of provision required against each debt is calculated.

The collection rates achieved by the Trust's third party appointed agency for the collection of former customer arrears will be used to measure the successful identification and processes for the collection of recoverable debt.

The number and value of former debts that have been transferred from current debt to former debt will indicate the collection performance from the in house collection team. In addition it will indicate the potential increased cost and loss of income to the Trust through third party collection costs.

The number and value of credits arising is monitored.

Scope

This policy covers the write of former and current customer arrears and former and current customer credits.

This policy does not cover the collection of Sundry Debts

Responsibility

The Director of Resources will be responsible for producing a detailed set of procedures to ensure the effective implementation of this Policy.

The Director of Resources will be responsible for ensuring that all employees involved in this process are fully trained in the procedures to ensure consistency of implementation.

In reviewing the Policy the Trust will ensure that it takes account of good practice elsewhere. In particular the Director of Resources will compare the Trust's performance in this area with other housing associations in its peer group.

Service Standards

Dealing with Bad Debts

Individual debts up to £200 that are deemed appropriate for write off will be reviewed and authorised for write off by the Director of Resources.

Individual debts that are less than £1,000 in value but more than £200, that are deemed for write off will be reviewed and authorised for write off by the Director of Resources and the Chief Executive.

The Trust's Resources Committee will periodically receive for consideration reports identifying individual bad debts in excess of £1,000 deemed appropriate for write-off.

Current arrears may be recommended for write off in exceptional circumstances.

Reports recommending write-offs will contain information incorporating Business Plan assumptions and existing provisions for write-offs.

Dealing with Credits

The Trust regards a credit as an advance rent payment made to a customer's rent account.

The amount of any credit will be added to customer's rent account with the Trust to the oldest liability first.

Policy Statement

Dealing with Bad Debts

The criteria to be applied to individual debts presented for write-off may include the following:-

- where the Trust has no forwarding address or trace of the debtor and where no payments have been received;
- where the debtor has died and there is no estate;
- where the debt is considered to be uneconomical to pursue;
- Where the debtor is resident in a nursing home. These will be considered on a case by case basis;
- Where the debt is of such an age that action for recovery via the courts is unlikely to succeed.

Where a debt has been written-off because the Trust originally had no forwarding address, and details of the former customer become known later; the debt will be written back on and pursued as if never written-off.

Dealing with Credits

Where these occur at the end of a tenancy, they will be dealt with in the following ways:-

1. Where an existing customer moves to another Trust property:-

- the Trust will be entitled to use all rent payments made on the new home to pay off any arrears on the old home;
- the Trust will be entitled to use any credit built up on the old home to cover the rent of the new home;
- in normal circumstances, the Trust will expect any customer to clear their existing rent account before a transfer or exchange of homes can take place.

2. Where a customer leaves a Trust property having more than one outstanding charge, e.g. a charge for damage caused to their property, as well as for rent arrears:-
 - Any credit left on the rent account may be paid towards the oldest debt first, provided that the Trust has informed the customer beforehand.
3. If a credit is left on an account and the creditor cannot be traced, the amount of the credit may be written-off with Resources Committee approval.

Consultation arrangements

The Trust has not consulted with customers in the preparation of this policy.

Benchmark Analysis

The Trust has reviewed the policies set by a number of other RSL's. The Trust's policy is comparable to the RSL's that it has consulted.

Regulatory or Legal Compliance

The regulatory code states that Housing Associations must have management arrangements, resources, skills and systems which are appropriate to their circumstances, scale and scope of operation. It also states that they must ensure that their activities are adequately monitored, undertaken efficiently and effectively and that they are backed by proper systems for assurance for internal control.

KLOE's affected

This policy links into KLOE 32 – Value for Money. The Trust must ensure that it is collecting income in a cost effective and efficient way.

Links to Strategies, Procedures and Associated Documents

The following documents are linked to this policy

- write off procedures document
- Rent arrears recovery policy
- Rent collection payments policy
- Rent setting and service charge policy
- Value for Money strategy

Equality and Diversity Considerations

This policy has not addressed any Equality and Diversity issues. This policy will be applied equitably and fairly to all of the Trust's customers.

Business Impact

This policy will not have any direct impact on the Trust's Business Plan or on its business activities in general.

Self Assessment Compliance Statement (SACS) Considerations

It is not envisaged that this policy will have any impact on the SACs document. No changes/amendments will be required.