



Bridgewater Housing Association Policy

Policy name	Write off Policy
Policy category	Finance
Policy number	FS06
Date adopted	January 2012
Last review	December 2021
This review	November 2024
Next review	November 2027
Equalities impact assessment required	No
Links to other documents	HS02 - Income, Rent Arrears and Debt Management Policy PS12 – Factoring Arrears Policy
Consultation	Yes

This policy can also be provided in large print, braille, audio, or other non written format and in a variety of languages on request. Please contact the Association by emailing admin@bridgewaterha.org.uk or call 0141 812 2237 to request this.

1. INTRODUCTION

1.1 The purpose of this policy is to set out Bridgewater Housing Association's position in relation to "writing off" bad debt. Bridgewater's policy for writing off bad debt was first approved at a meeting of the Operations Committee on 25 January 2012. This updated policy takes account of lessons learned and current practice.

2. BACKGROUND

2.1 It is normal accountancy practice to write off debts which are deemed impossible to recover. There are various reasons for agreeing to write off a debt. The debtor may have died and there is no estate, moved away and is untraceable, or has become bankrupt or sequestered. Whatever the reason, it is seen as good practice to remove this debt from Annual Accounts where it is unlikely that it will materialise as income. Each year the Board set aside a sum to "cover" bad debts in the Budget. The aims of this policy are to ensure that adequate provision is made for bad and doubtful debts.

2.2 The income, rent arrears, factoring arrears and debt management policies contain further information in relation to the rent/factoring arrears collection process, trust deeds and sequestration, legal action and eviction processes.

3. RENT ARREARS

3.1 The Association charges rents to tenants. In the Annual Accounts a provision has to be made for bad and doubtful tenant rent debt. The Head of Finance will review this provision at the end of each financial year. Currently the provisions in the Annual Accounts are as follows:

- For current tenants, provision will be made on the basis of 20% of current arrears (excluding arrangements).
- For current tenants, who have a payment arrangement, project a year ahead, and a provision is made for 100% of arrears.
- Full provision (100%) will be made for rent owed by former tenants
- Full provision will be made for any current tenants in sequestrations or who have a trust deed in place.

4. FACTORING ARREARS

4.1 The Association charges factoring bills to owners receiving our factoring services. In the Annual Accounts a provision has to be made for bad and doubtful debts In respect of owner occupiers. Currently the provisions are:

- For current owners, a provision is made on 100% of balances above £3,000 of current arrears.
- For current owners in arrangements, 100% of arrears be provided for.
- For current owners not provided for above, a provision is made on the basis of 20% of current arrears.
- Full provision (100%) will be made for former owners

- Full provision will be made for any current owners in sequestrations or who have a trust deed set up.

5. SUNDRY CHARGES AND OTHER CHARGES

5.1 In the case of all other debts (e.g. rechargeable training courses, customer invoices etc.) provision will be made (based on the date of issue of the invoice) as follows:

- Full provision will be made for sundry debts owed

6. REVIEW OF PROVISIONS

6.1 The Provisions should be reviewed at the end of each financial year by the Head of Finance in conjunction with the Head of Housing and the Property Management Officer to decide whether or not they should be increased for doubtful debts, or reduced where there is evidence that the debt will be cleared.

7. PROCEDURE FOR WRITE OFF OF IRRECOVERABLE DEBT

7.1 The Scheme of Delegation gives authority to the Leadership Team to approve the write off of debts. The Head of Housing has authority to write off debts up to £500, the Head of Finance has authority to write off debts between £501 and £1,000 and the Chief Executive has authority to write off debts between £1,001 and £2,000. Debts over £2,000 require to be submitted to the Board for approval.

7.2 Subject to the above, staff must complete the relevant write off form (appendix 1) and obtain the authorisation of their Manager as appropriate. The Manager must be satisfied the procedures for debt recovery have been exhausted prior to authorisation. This form then is forwarded to the Head of Housing to approve (up to £500) or Head of Finance to approve (up to £1,000). If the debt is in excess of £1,000 then the form should be passed to the CEO. If over £2,000 then the Board will have to approve.

7.3 Any write off requests requiring Board approval should be presented to the Board at least twice a year.

The following is a summary of how a debt should be written off.

Type of debt	Debt Procedure to be follow	Form to be Completed	Signed Off by:	Authorised By:	Passed to Whom for processing
Rent Arrears	Rent Arrears Procedure	HO/HA to complete Write Off Form (Appendix 1)	Head of Housing	HOH (up to £500) HOF (£500 - £1k) CEO (£1k - £2k) Board £2k+	HO, for processing on SDM
Factoring Arrears	Factoring Arrears Procedure	Property Management Officer to complete Write Off Form (Appendix 1)	Property Services Manager	HOF (up to £1k) CEO (£1k - £2k) Board £2k+	Property Management Officer for processing through SDM
Sundry Charges to Tenants	Rechargeable Repair Procedure	HO to complete Write Off Form (Appendix 1)	Head of Housing	HOH (up to £500) HOF (£500 - £1k) CEO (£1k - £2k) Board £2k+	HO, for processing through SDM
Other Debts	Sundry Debt Procedure	Finance Assistant to complete Write Off Form (Appendix 1)	Finance Officer	HOF (up to £1k) CEO (£1k - £2k) Board £2k+	Finance Officer to put Journal through Finance system

8. REPORTING

8.1 Total Rent Arrears written off in the quarter will be reported to the Housing Land & Property Services Sub-Committee as part of the quarterly Housing Management and Factoring KPI reports.

8.2 All other write offs will be included in the quarterly management accounts or if in excess of £2,000 will be reported separately to Board at least twice a year..

9. ROLE OF BOARD

9.1 Board to approve this policy. The calculation of the bad debt provision is delegated to the Head of Finance.

10. REVIEW

10.1 This policy will be reviewed every three years.

