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<b>Policy Name</b>	<b>Bad Debt Provision</b>
<b>Policy Author</b>	<b>Assistant Director (Corporate Services)</b>
<b>Approved by Finance Sub Committee</b>	<b>N/A</b>
<b>Approved by Management Committee</b>	<b>June 2021</b>
<b>Latest date of Next Review</b>	<b>June 2024</b>

West Whitlawburn Housing Co-operative will provide this policy on request at no cost, in larger print, in Braille, in audio or other non-written format, and in a variety of languages. Please contact the office.



HAPPY TO TRANSLATE

**Registered with the Scottish Housing Regulator No. 203**  
**Registered Charity No. SCO38737, VAT Registration No. 180223636**  
**Registered society under the Co-operative and Community Benefit Societies Act 2014**

## 1. Introduction

- 1.1 This policy sets out our framework for making provision for bad debt in respect of debts where recovery is doubtful.
- 1.2 Irrecoverable debts will include rent arrears, rechargeable repairs and any other miscellaneous debts which may arise.
- 1.3 Procedures and parameters for writing off debts are contained within the Rent Arrears policy and the Rechargeable Repairs policy.

## 2. Provision for Bad Debts and Doubtful Debts

- 2.1 It is a financial requirement that The Co-operative makes a provision in our financial and management accounts for those debts which have been identified by senior officers as irrecoverable.
- 2.2 Our provision for bad debts is consistent with our policy on rent arrears, rechargeable repairs, and other debts.

## 3. Calculation of Provision for Rent Arrears

The provision should be calculated as follows:

### Former Tenant Arrears

	Total former tenant arrears including lockups
Less	Any arrears where a payment arrangement is being maintained.
Less	Any arrears where it is known with a reasonable degree of certainty that housing benefit\universal credit is still due.
Less	Any arrears where the tenant, as a result of an internal transfer, is a current tenant of WWHC.
Less	Any other cases where the Assistant Director (Tenancy Services) assesses that there remains a likelihood of recovery of sums due.

### Current Tenant Arrears

	All current tenant arrears cases over £1,000
Plus	Total of any current tenant arrears below £1,000 where the tenant has been sequestrated, including lock up arrears
Plus	Total of any other cases considered to be "high risk"

## 4. Calculation of Provision for Rechargeable Repair Costs

The provision for bad debt should be calculated as follows:

### Former Tenants

100% of all former tenant rechargeable costs less any cases where a repayment arrangement is being maintained.

### **Current Tenants**

100% of any current tenant rechargeable costs where the tenant has been sequestrated plus any other case where the debt is greater than or equal to £1,000.

### **5. Other Debts**

5.1 Any other debt owed to WWHC that is considered to be high risk.

### **6. External Advice**

6.1 The provision for bad debts may be increased on the advice of the Auditor.

### **7. Review of Bad Debts**

7.1 Re-calculation of bad debt provision will take place every 6 months and a report will be submitted to committee.

7.2 This will ensure that by the year end at 31<sup>st</sup> March, for the purposes of the Annual Financial Statements, a prudent bad debt provision is in place.

### **8. Policy Review**

8.1 This policy shall be reviewed on a 3 year basis unless there is a requirement to review outwith this cycle.

8.2 The next policy review will be due June 2024.

## Bad Debt Provision Calculations

<b>Former Tenant Rent Arrears</b>		<b>£</b>
	Total FT arrears incl lockups	
Less	Any arrears where a payment arrangement is being maintained.	
Less	Any arrears where it is known with a reasonable degree of certainty that housing benefit\universal credit is still due.	
Less	Any arrears where the tenant, as a result of an internal transfer, is a current tenant of WWHC.	
Less	Any other cases where the Assistant Director (Tenancy Services) assesses that there remains a likelihood of recovery of sums due.	
<b>Total Provision for FT rent arrears</b>		

<b>Current Tenant Rent Arrears</b>		<b>£</b>
	Total of CT cases where arrear is >= £1,000	
Plus	Total of CT cases < £1,000 where tenant sequestrated	
Plus	Total of any other CT cases deemed to be high risk	
<b>Total Provision for CT rent arrears</b>		

<b>Rechargeable Repair Debts</b>		<b>£</b>
	Total of FT cases where no arrangement is being kept	
Plus	Total of CT cases where debt is greater than £1,000	
Plus	Total of CT cases less than £1,000 where tenant sequestrated	
Plus	Total of any other CT cases deemed to be high risk	
<b>Total Provision for Rechargeable Repair Debt</b>		

<b>Other Debts</b>		<b>£</b>
	Total of any other debt to WWHC considered to be high risk.	