



CHESHIRE  
PEAKS & PLAINS  
HOUSING TRUST

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# The Trust

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## Corporate Debt Policy

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Finance Team

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Final Version

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Effective Date: April 2009

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Affected Teams: All

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## 1. INTRODUCTION

- 1.1 The purpose of the Corporate Debt policy is to establish guidelines for the recovery of all debts outstanding to Cheshire Peaks & Plains Housing Trust (the Trust), and also to specify the manner in which these debts are to be collected.
- 1.2 A 'debt' is any monies owed to the Trust which has not been paid by the due date.
- 1.3 The types of debt involved are:
  - Current and former tenant arrears
  - Garage rents
  - Tenant service charges
  - Court costs
  - Rechargeable repairs
  - 'Lifeline' charges to individuals and organisations
  - Leaseholder service charges, ground rent and insurance
  - Commercial property rents
  - Other sundry debts
- 1.4 The policy sets the framework for a consistent and sensitive approach to the recovery of all customer debts. The Trust recognises that customers do experience genuine financial difficulties and are unable to pay outstanding charges when they fall due. The Trust will adopt a firm but fair approach to debt recovery offering all customers, where practically possible repayment plans.

## 2. AIMS

- 2.1 The aims of this policy are to:
  - Ensure a professional, consistent and timely approach to recovery action across all Trust functions.
  - Take positive action to prevent arrears occurring, for example by providing a range of payment methods and to inform customers of the methods available to them.
  - Ensure invoices are raised promptly and reminders are issued efficiently to encourage prompt payment.
  - Ensure that individual and exceptional circumstances are given due consideration when pursuing debts and undertake financial assessments of customers' circumstances, and ability to pay, with a view to making realistic arrangements to pay off debts.
  - Ensure that debts are managed in accordance with legislative provisions and best practice.
  - Have regard to equality and diversity to ensure there is no discrimination against anyone because of their race, religious beliefs, gender, age, sexual orientation or disability.

## 3. POLICY

- 3.1 This policy applies to all teams within the Trust who have responsibility for the collection of outstanding debt and establishes guidelines for the recovery of all debts outstanding to the Trust and also to specify the manner in which these debts are to be collected.



- 3.2 The Trust considers that people have a responsibility to pay any monies due and that the highest priority should be given to those debts which will maintain a person's home and protect their livelihood.

Where a customer owes more than one debt to the Trust, it is recognised that it is in the interest of all parties to allocate repayment on a basis of the priority of the debt. The Trust will prioritise debt owed as follows:

- Current tenant rent arrears
  - Any debt assigned to the current tenancy if stated within the Tenancy Agreement ie. service charges, lifelines
  - Any rent debt subject to a court order
  - Current tenant housing benefit overpayment
  - Current garage arrears
  - Rechargeable repairs
  - Former tenant arrears
  - Former tenant housing benefit overpayment
  - Court costs
  - Other miscellaneous debt
- 3.3 The Trust will encourage people who may have any difficulty in meeting payments to approach the Trust at an early stage to discuss the matter before the debts become too difficult to manage. This will be assisted by the implementation of preventative debt management measures.
- 3.4 The Trust acknowledges the need to provide a service that promptly communicates debt situations to customers, but at the same time takes account of the needs and circumstances of the debtor and will, wherever possible, advise of any entitlement to assistance that may be available e.g. Housing Benefit, Council Tax Benefit as well as general welfare benefit advice.
- 3.5 The Trust acknowledges and respects the debtor's obligations to his/her close dependents.
- 3.6 The Trust aims to achieve a fair balance between the claims for competing creditors and try to ensure that the debtor is able to maintain the family home.
- 3.7 At all stages of the recovery process the Trust will attempt to agree a suitable repayment arrangement with the customer, taking account of their personal circumstances, including their ability to pay compared with the outstanding balance and the cost of recovery.
- 3.8 The Trust will pursue a debt where it is considered that a person can afford to pay. Enforcement and recovery action will be taken which may ultimately result in the loss of their home.
- 3.9 The Trust will aim to be both proactive and reactive in its attempt to prevent and minimise debts and provide opportunities for people to maximise their income and develop money management skills.
- 3.10 Where a customer owes the Trust more than one debt, for example rent arrears and rechargeable repairs, efforts will be made to recover the whole outstanding debt as

one. Customers will be fully informed of the consequences of failure to pay. Repayment of the differing sections of the debt will, generally, be prioritised in order to sustain the customer's principle home and/or livelihood or to protect the customer's ability for re-housing, thus ensuring the best possible circumstances for the customer.

- 3.11 The Trust recognises the importance of its staff working together (in accordance with established protocols) with advice agencies to the Trust's approach to debt recovery.

#### **4. EQUALITY AND DIVERSITY**

- 4.1 The Trust will ensure that equality and diversity considerations are integral to all debt recovery processes. In implementing this policy the Trust will ensure that any tenants with disabilities or who need information in different formats and languages, or who may need interpreters or signers, or who have difficulty with reading are provided with the assistance that they require. An Equality Impact Assessment has been completed for this policy and is attached as an appendix.

#### **5. BAD DEBT PROVISION AND WRITE OFFS**

- 5.1 Where all recovery options have been explored and further action makes no financial sense, rent arrears and other debt balances will be written off in accordance with the Trust's Financial Regulations and Standing Orders and Debt Write Off Policy.
- 5.2 The calculation of the bad debt provision will be based on the likely event that the Trust will not be able to recover the outstanding debt and having due regard to payment history, and the age and size of any debt outstanding.

#### **6. VALUE FOR MONEY IMPLICATIONS**

- 6.1 In all cases the Trust will follow good practice and regulatory guidance in the pursuit of arrears.
- 6.2 The majority of the Trust's income is generated from its rental income and annual increases are fixed by regulation. In order to continually improve the quality of our services and the standard of our properties, the Trust needs to maximise the use of its resources.
- 6.3 The Trust will be proactive and reactive in its attempt to prevent and minimise debts. The Trust will take into consideration the amount of debt outstanding and if it is considered uneconomical to pursue.
- 6.4 The Trust is committed to working with and building good relationships with all external agencies that compliment the debt recovery work undertaken.

#### **7. MONITORING AND RESPONSIBILITIES**

- 7.1 It is the responsibility of the Board to ensure that implementation of the Corporate Debt Policy is monitored.
- 7.2 The Director of Resources is responsible for the implementation of this policy.
- 7.3 All colleagues dealing with customer debt has the responsibility to read, understand and implement this policy.



## 8. ASSOCIATED DOCUMENTS

Rent Collection and Arrears Management Policy  
Rent Setting and Service Charge Policy  
Leaseholder Policy  
Rechargeable Repairs Policy  
Debt Write Off Policy  
Financial Inclusion Strategy  
Customer Care Policy  
Standing orders – Revised December 2007  
Value for Money Strategy May 2008

## 9. POLICY INFORMATION

<i>Policy Name:</i>	<i>Corporate Debt Policy</i>
<i>Status:</i>	<i>First draft</i>
<i>Approved by:</i>	<i>Board</i>
<i>Drafted By:</i>	<i>Head of Finance</i>
<i>Date approved:</i>	<i>28/04/09</i>
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